



Danish Crown

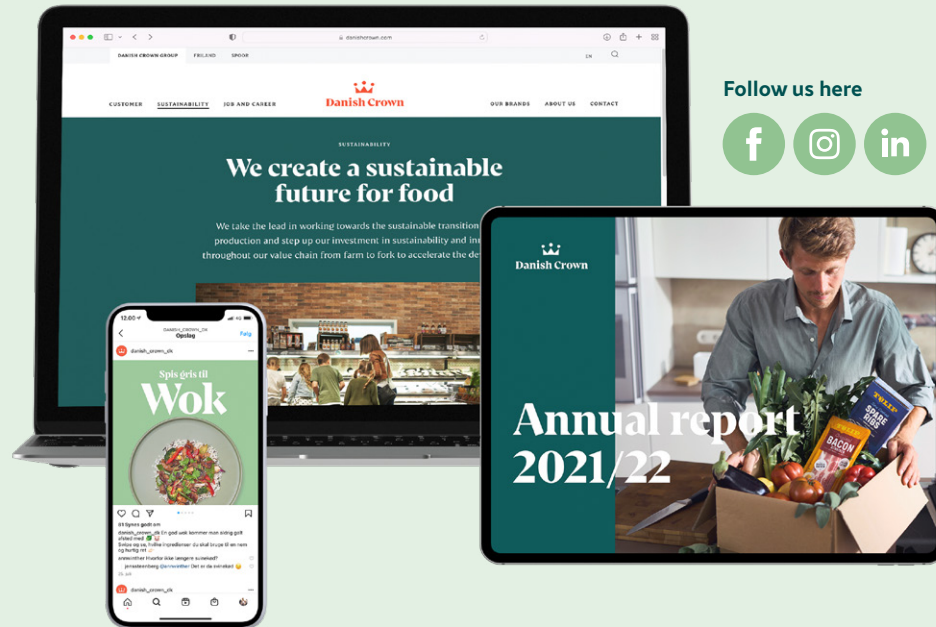
Sustainability report 2021/22

Together, we are creating
a more sustainable
future for food





We want to lead our industry when it comes to transparency in our sustainability efforts



Follow us here



Danish Crown provides regular and integrated communication on our sustainability efforts through a variety of media channels. We supplement our annual sustainability report by providing news and information targeting our different stakeholder groups throughout the year.

Annual report

Danish Crown's Annual report 2021/22 provides high-level reporting on sustainability as part of the strategy and business unit sections and includes details on governance, risk management, tax and remuneration.

Social media

We share our latest case stories, product developments and sustainability news from our business and brands through our social media channels.

Website

Our corporate website, danishcrown.com provides a wealth of information about our business at large, as well as within the area of sustainability. This includes our group policies as well as descriptions of key developments and achievements.

Sustainability poster

Danish Crown's Sustainability poster is a snapshot of our sustainability approach and performance in 2021/22.

Danish Crown's Sustainability report 2021/22 constitutes our annual Communication on Progress to the UN Global Compact. We have been signatories to the UN Global Compact since 2011. The report covers the financial year 1 October 2021 to 30 September 2022 and describes our sustainability strategy and activities for the past year in areas that are material to Danish Crown and our stakeholders.

This report is an integral part of the management's review provided in the Danish Crown Annual report 2021/22.

The Annual report and the Sustainability report jointly fulfill the requirements in section 99a and 99b of the Danish Financial Statements Act.

As part of Danish Crown's reporting obligations in the UK, we also issue a Statement on the Modern Slavery Act 2021/22.

We welcome any comments, suggestions or questions you may have regarding our report and sustainability performance. Please send an e-mail to: sustainability@danishcrown.com.

 <p>COMMUNICATION ON PROGRESS</p>	<p>This is our Communication on Progress in implementing the Ten Principles of the United Nations Global Compact and supporting broader UN goals.</p> <p>We welcome feedback on its contents.</p>
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**We take responsibility
locally to raise food
sustainability globally.**





Chairman's and Group CEO's statement



The agricultural industry is part of the solution for a more sustainable future.

Danish Crown is building on a solid foundation, and even in these turbulent times we made significant progress on our sustainability efforts during the past year.

At Danish Crown, we wish to be part of the solution for driving good and stable food production, reducing emissions and protecting biodiversity. Our farmers play a key role in this context. In addition to being food producers, farmers of the future may also become energy producers, for example by supplying biogas.

An increasing number of farmers are joining our Climate Track. Danish Crown developed the Climate Track to help our farmers drive change and improvement on their farms. While joining the Climate Track is voluntary, the broad support – with 100 per cent of our Danish owners in the pork sector, 100 per cent of our Danish owners who supply free-range cattle and 65 per cent of Swedish pig producers having signed up – shows that farmers are taking climate challenges seriously and are committed to contributing to the solutions of the future. This commitment springs from Danish Crown's values and our joint cooperative approach.

Our farmers also have free-range production, organic production, animal welfare and biodiversity at heart, as illustrated by our 'Friland Økologi' concept, where the product range covers both beef and pork, and the 'Dansk Kalv' concept, the main focus of which is on high quality and a high level of animal welfare. Our farmers are committed to fostering animal welfare, and in the past year we co-developed "Danish vision for the pork production of the future" alongside a number of other Danish players. Vision initiatives include setting targets for the use of loose housing systems and for piglet survival rates.

Increasing feed and energy prices are putting farmers under pressure, but we cannot allow this to slow their promising sustainability initiatives. Farmers must continue their efforts to upgrade and adapt their farms so that, together, we can deliver on our goals and commitments in relation to, among other things, the Science Based Targets initiative and "Danish vision for the pork production of the future".


Erik Bredholt, Chairman



We are continuing our sustainability journey as mapped out in our Feeding the Future strategy.

In the past year, we continued our sustainability journey as mapped out in our Feeding the Future strategy. While we have achieved a lot, we are, of course, also affected by global events.

We have submitted our targets to the Science Based Targets initiative. In addition to our commitment to reduce scope 1 and 2 emissions (emissions from our own production and from energy purchases), we have now also set a specific target for reducing our scope 3 emissions (emissions from our chain of suppliers). Our farmers play a key role in this context, and together with them we are undertaking targeted efforts to translate know-how and data into specific initiatives supporting the green transition. We also support the UN Sustainable Development Goals and the principles of the UN Global Compact, which we became a signatory to in 2011.

We maintain a continuous focus on driving improvement at our production facilities so that we can deliver on our environmental targets – but, like many others, we are concerned about the supply of natural gas, which we use in a number of our production processes. We have therefore implemented several measures to counter a

potential shortage. In the short term, this may adversely impact our climate footprint.

We wish to retain and attract staff, so a high rate of employee satisfaction is a key priority for us. This year, we achieved the highest employee satisfaction score in ten years. With a view to preventing injury and attrition, we are constantly working to enhance the level of automation at our production facilities.

Looking towards the market, we see customer and consumer expectations changing, and this calls for new solutions, which we intend to develop in collaboration with stakeholders across the value chain. Our new packaging strategy and our plant-based products are good examples of such solutions. We are committed to transparency and will over the next few years intensify our efforts to provide high-quality data, driven in part by upcoming European legislation and in part by our commitment to meet the requests of our customers and consumers for deeper insights into our efforts in relation to the environment and people.


Jais Valeur, Group CEO



Adding value from farm to fork

Global organisation

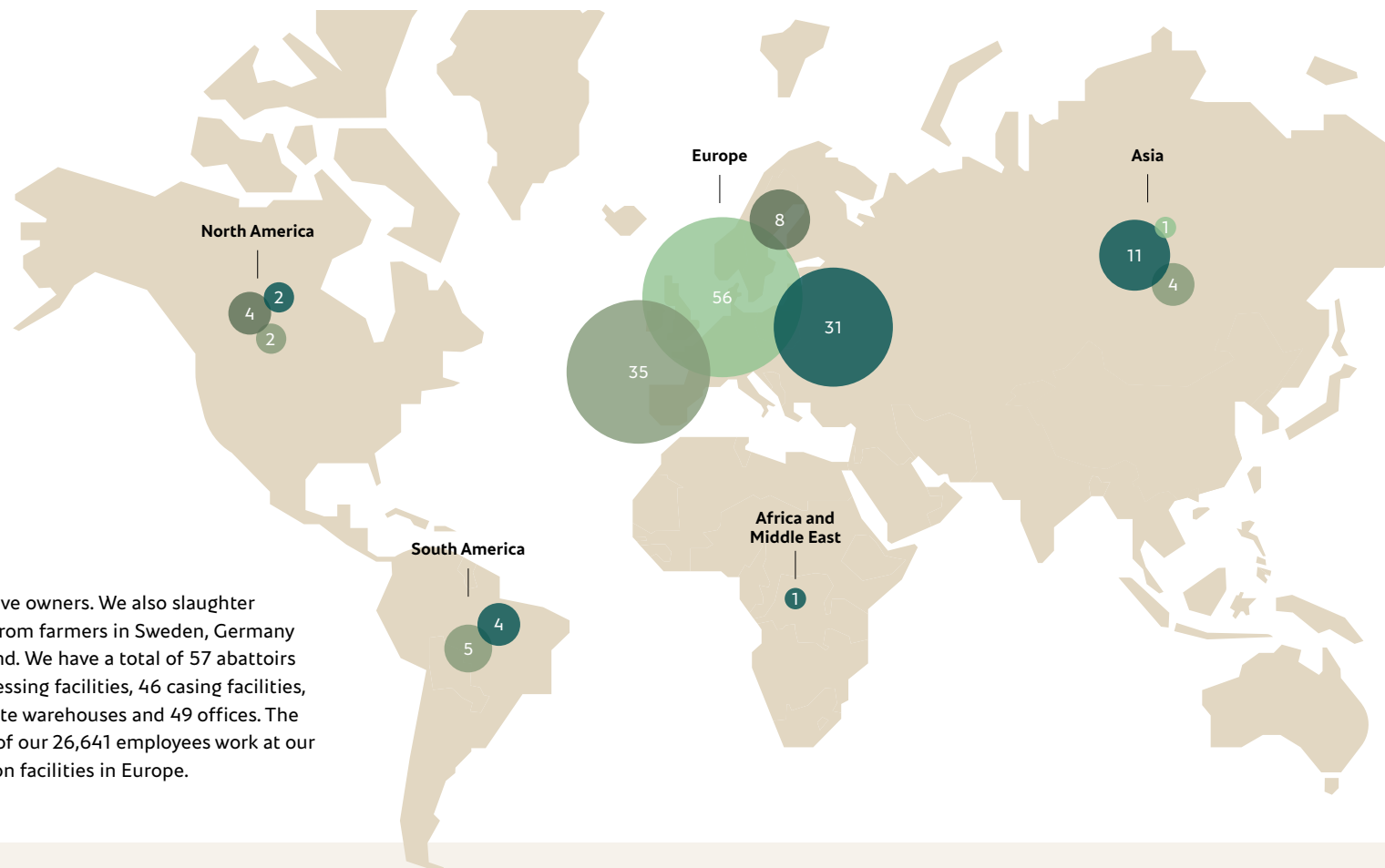


Danish Crown is a global food company headquartered in Denmark and with a presence in 26 countries. We market our products to customers globally through our various brands. Our product range consists of fresh and processed meat, plant-based products, ingredients for pharmaceutical products, as well as feed, fertiliser and biogas components. By building on strong customer relations and consumer insights, as well as high quality, sustainability, food safety and animal welfare, we work to ensure a high market value for our products.

Danish Crown was founded in 1887. As a cooperative we are guided by our vision "Together, we are creating a more sustainable future for food", and we operate our business with the aim of leading the green transition in our industry and creating financial, social and environmental value at every step from farm to fork.

Danish Crown is one of the world's largest exporters of pork and organic meat, and we are among the top five producers of beef in Europe. We receive pigs and cattle for slaughtering and further processing from our 5,404 Danish

cooperative owners. We also slaughter animals from farmers in Sweden, Germany and Poland. We have a total of 57 abattoirs and processing facilities, 46 casing facilities, 12 separate warehouses and 49 offices. The majority of our 26,641 employees work at our production facilities in Europe.



Cooperative owners

We are owned by Danish farmers, who deliver their raw materials to Danish Crown for processing and sale.



Our earnings are paid back to our cooperative owners.



Adding value through our business



Slaughtering and deboning

Adding value to primal cuts by optimising usage and processes.



Processed products and casings

Product-focused. Adding value through further processing and customisation.



Category products and meals

Consumer-focused. Developing concepts that address consumer needs and occasions.



Top brands

Adding value through specific concepts based on consumer preferences.

Feeding the Future



Consumers



Foodservice and retail

Food industry, foodservice and private label in retail

Food industry

Fair payment for meat

Most of Danish Crown's earnings are paid back to our cooperative owners through regular settlements and annual supplementary payments.

Local workplaces

We create jobs around the world both directly and indirectly and contribute locally to upgrading the qualifications of our workforce.

Sustainability throughout our value chain

We aim to lead the way towards making food production sustainable and involve our entire value chain in ensuring resource efficiency and in reducing adverse sustainability impacts.

Meals for consumers

By maintaining a high level of security of supply and food safety, we ensure millions of high-quality meals for consumers in most parts of the world.



Danish Crown is a global food company

The launch of our Feeding the Future strategy resulted in structural changes to our business.

We want to create cohesion throughout our value chain from farm to fork while also striving to create simplicity and an overview. Consequently, we have integrated Danish Crown Foods (including Friland), which handles production and sale of processed

products, and Danish Crown Pork, which handles fresh meat, into the business unit Danish Crown – one global business. Likewise, KLS in Sweden and Sokołów in Poland cover the full value chain from farm to fork in their respective local markets.

To illustrate how we operate and manage our business, we have changed the presentation of our business areas.



Danish Crown

The business unit Danish Crown and Danish Crown Beef process the raw materials of our cooperative owners into food sold in domestic and international markets, supported by the trading company ESS-FOOD. In total, they account for 70 per cent of the group's revenue.



Suppliers

Supplies of pigs, cattle and other raw materials

Cooperative owners and external suppliers



Cooperative owners and external suppliers



External suppliers



Operations

Denmark, Sweden, Germany, the Netherlands, Poland, the UK, France, China



Commercial

Denmark, Germany, China, the UK, Japan



Categories

Fresh meat, bacon, convenience, cold cuts, canned products, toppings



Brands

Danish Crown, Tulip, Friland, Gøl, Mou, Steff Houlberg, Den Grønne Slagter



Sokołów

Sokołów is a large food company in Poland based on raw materials from Polish pigs and cattle. The company's brand is the best-known meat brand in Poland.



Suppliers

Supplies of pigs, cattle and other raw materials

External suppliers



External suppliers



External suppliers



Operations

Poland



Commercial

Poland



Categories

Fresh meat, sausages, cold cuts, convenience



Brands

Sokołów, Sokoliki, Uczta Qulinarna, Naturrino, Z Gruntu Dobre



KLS

The food company KLS is a market leader in Swedish meat production based on raw materials from Swedish pigs and cattle. KLS has four abattoirs and four cold cuts and processing factories in Sweden.



Suppliers

Supplies of pigs, cattle and other raw materials

External suppliers



External suppliers



External suppliers



Operations

Sweden



Commercial

Sweden



Categories

Fresh meat, cold cuts, convenience, sausages



Brands

Dalsjöfors, Charkuterifabriken, Ugglarps, Ingemar Johansson, Charkprodukter



DAT-Schaub

DAT-Schaub is a global business which processes and sells natural and artificial casings to the food industry and ingredients to the pharmaceutical industry.



Suppliers

Supplies of pigs, cattle and other raw materials

Cooperative owners and external suppliers



No supplies



External suppliers



Operations

Denmark, Germany, Poland, the UK, France, Spain, Portugal, China, the USA, South America



Commercial

France, the USA, Denmark, Poland, Germany



Categories

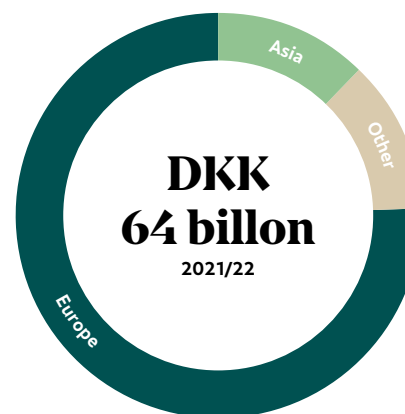
Casings, mucosa, heparin, stomachs



Financial highlights

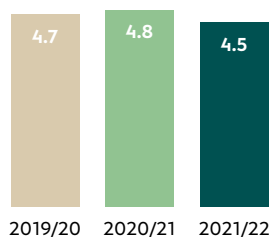
This year, we are far from meeting our goal when comparing to the EU index, among other things as a result of the difficult market conditions. Despite of a lower solvency we meet our financial gearing target, so our company remains financially sound.

Global revenue

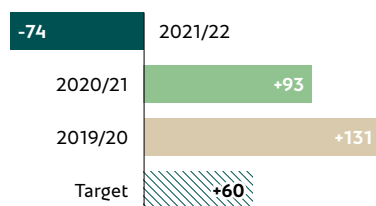


Per cent	DK	SE	PL	UK	Other Europe	Asia	Other
2019/20	10	10	13	9	26	22	10
2020/21	11	11	12	9	27	18	12
2021/22	10	12	14	8	30	15	11

EBIT (%)



Difference to average EU index* (DKK per kg pork)



Tax payments

Divided on personal taxes (88%) and income tax (12%).

Denmark

Danish Crown's cooperative owners
5,404 cooperative owners

- Income tax*
- VAT and duties*
- Personal taxes*

Leverandørselskabet Danish Crown AmbA

- Wealth tax

Danish Crown's Danish activities
9,101 employees

- Income tax
- VAT and duties*
- Personal taxes

Europa excl. Denmark
15,751 employees

- Income tax
- VAT and duties*
- Personal taxes

Rest of the world
1,789 employees

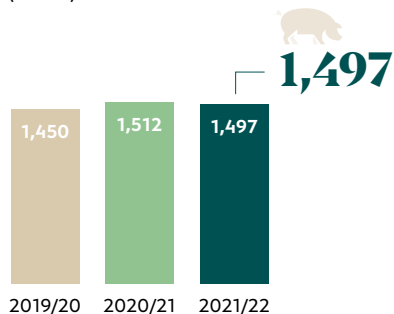
- Income tax
- VAT and duties*
- Personal taxes

Geographical distribution

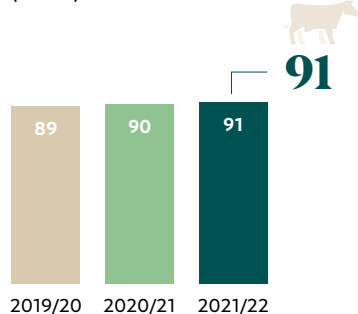
Danish Crown's combined payment of income tax, wealth tax, withholding tax and personal taxes in 2020/21 distributed geographically.



Supplementary payments for pigs (DKKm)



Supplementary payments for cattle (DKKm)



*The targets for Difference to average EU index (DKK/kg) and Solvency ratio (%) are minimum targets, and deliverables must be higher than the defined target.

* Distribution is exclusive of VAT and duties and taxes from cooperative owners.



A changing world

Like all global food companies, we are affected by developments in the world around us and the financial risks and opportunities they entail. Understanding how current global challenges and market changes translate into sustainability issues is key. Hence, our strategy and approach must be flexible and dynamic to accommodate changing realities.



Meals for Ukraine

In March 2022, Danish Crown donated more than 1 million meals in collaboration with the International Red Cross to the victims of the war in Ukraine.

Clearly, 2021/22 was a year of unprecedented challenges and uncertainty for all. Below, we highlight some of the most important issues impacting Danish Crown over the past year.

Integrated approach to climate change and biodiversity loss

The global impact of climate change is increasing, and it affects our industry and the agricultural sector. We aim for a bold response, and have set greenhouse gas reduction targets for 2030 that were approved by the Science Based Targets initiative in November 2022, after the end of the reporting period. We also see interrelated challenges from biodiversity loss, and we are responding through our new biodiversity approach and our focus on sourcing responsible soy and palm oil.

Energy and feed security challenges

Supplies and prices of basic commodities have been heavily affected by the Russian invasion of Ukraine. Market uncertainties are still challenging our business operations and supply chain, both in terms of price pressures and access to energy, feed and other raw materials.

Our farmers have been particularly challenged by rising energy and feed prices as well as the relatively limited demand for fresh meat in the last couple of years and low exports out of Europe this year. We therefore also consider declining production to be a potential risk to our security of supply and the decrease in the number of slaughter pigs at our production facilities this year unfortunately meant we had to let 146 employees go at two of our Danish abattoirs. These conditions only make constantly reviewing opportunities to increase the value of our products and the prices paid to our farmers even more vital.

This also applies to other changing circumstances such as the shutdown of the Danish mink industry, which although it did not directly involve our farmers, had significant effects on our business, since many of our by-products were previously sold to the Danish mink industry as feed.

In terms of our own energy needs, we are working to identify initiatives to reduce our reliance on natural gas through electrification and procurement of green electricity. Furthermore, we have installed oil tanks at a number of our Danish production facilities as a precaution in case access to natural gas becomes restricted and we are considering similar solutions for our production facilities in Germany and for our facility in the Netherlands. We are aware that fuel switching may increase our greenhouse gas emissions in the short term until we have transitioned to renewable energy sources.

More plant-based alternatives to meat

The food versus animal feed debate has also been fuelled by global challenges related to supply and the price of both food and energy. This underscores the need for even greater efficiency in meat production and to explore alternative protein sources as part of a balanced and healthy diet. Our Feeding the Future strategy aims to create more value from the raw materials available through stable meat production and to increase our range of plant-based protein products. We already have several plant-based protein products on the market in Denmark, Sweden and Poland, and in January 2022 we successfully introduced a new range of plant-based food to the Danish retail market.

Read more in our Annual report 2021/22.



Sustainability is a key business driver

Sustainability is a key driver of our corporate strategy going forward to 2026, Feeding the Future. One year into the strategy period, we are seeing intensified competition and volatile markets, just as we expected. Moreover, consumers are setting a new agenda with an increasing focus on sustainability and traceability as well as a greater interest in convenience and plant-based protein products.

Our ambition is to be a successful and leading player in the sustainable production of meat and processed products by 2030. The key to fulfilling this ambition is to create more value from the resources available to us and base our business on sustainably produced high-quality fresh and processed meat products.

Recurring investments

By pursuing greater differentiation with respect to innovation and sustainability, Danish Crown will be able to get a premium price, which spirals our ability to invest further in innovation and sustainability.

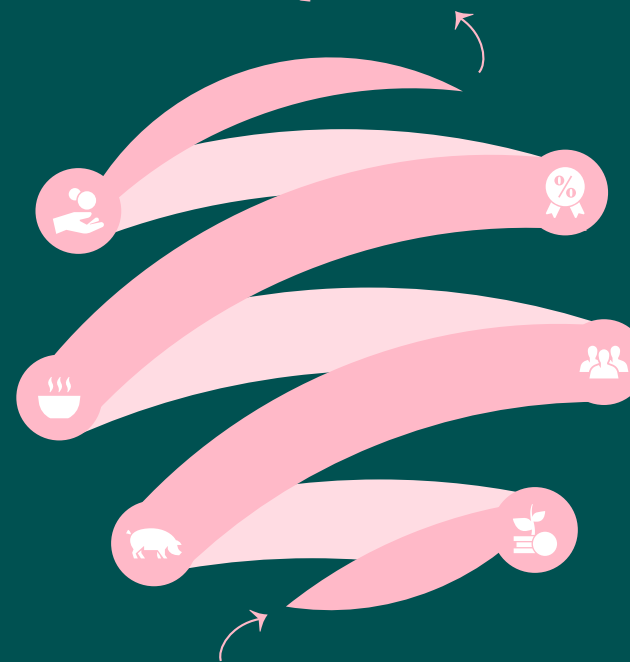
High-quality sustainable food

We will listen carefully to our customers and consumers to position and brand Danish Crown as a supplier of high-quality sustainable food in key categories around the world.

Maintaining a sustainable production level for Danish pigs at the current level of 10-13 million

Our goal is not to be the biggest, but to supply the best and most valuable products.

Feeding the Future



Adding more value to our products

We aim to boost demand in our markets by increasing farm-to-fork sustainability, enhancing focus on innovation and branding more of our products.

Smart and efficient supply chain

A stable supply of pigs combined with the spreading of best practice across the group would enable us to reduce our costs by DKK 1 billion while delivering high-quality sustainable food.

Making substantial investments in sustainability, the value chain and innovation from farm to fork

We will invest DKK 4-5 billion in the farms and DKK 11-12 billion within Danish Crown.

High settlement price

Key sustainability efforts supporting our corporate strategy

Strong data and transparency are our building blocks

We conduct life cycle assessments and calculate the carbon footprint of our products from farm to fork to strengthen transparency and to ensure informed decisions in our efforts to reduce our environmental footprint and advance social responsibility.

Inspiring our farmers to lead the green transition

We engage in research and support our farmers in implementing resource-efficient livestock production, high standards of animal welfare and sustainable agricultural practices to lead the green transition.

Implementing cleaner technology and know-how

We implement cleaner technologies and best practice solutions at our facilities to support healthy workplaces, resource efficiency, reduced climate impact and a circular economy.

Engaging in market dialogue and partnerships

We engage in dialogue with customers and consumers to understand their needs and preferences, and we team up with suppliers, customers and universities to develop new food concepts and foster sustainable food choices.



Framing our sustainability work

Materiality assessment | Sustainable Development Goals | Governance | Science-based targets

Jonas Würtz is one of our cooperative owners and part of the Climate Track. His ambition is to be a front runner in sustainable and modern farming. He sets high standards for animal welfare and focuses on biodiversity, efficiency, energy savings, manure management and biogas.



Focus on materiality

Our materiality assessment process helps us identify sustainability issues across our value chain which have an impact on people and the environment. We use the conclusions to prioritise our sustainability efforts and manage the issues we address in our sustainability reporting. For more information on the methodology behind our materiality assessment, see page 71.

Input

Stakeholder dialogue

Ongoing dialogue with internal and external stakeholders such as customers, suppliers, authorities, universities and NGOs.

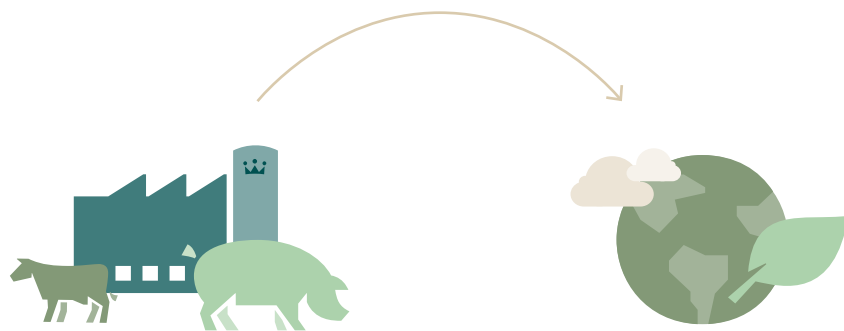
External frameworks and benchmarks

Assessment based on the Sustainable Development Goals, UN Global Compact, environmental, social and governance ratings, EcoVadis as well as standards such as Global Reporting Initiative and The Food and Agriculture Benchmark by the World Benchmarking Alliance.

Internal analysis and reports

Our 2020 materiality assessment, ongoing analyses of opportunities and risks, including input from our bi-annual Sedex assessment conducted at facility level as well as from customer insight reports.

Process



Danish Crown

People and environment

Double materiality

Impact materiality

Sustainability issues where our business, including our value chain, has actual or potential significant impacts on people or the environment.

Financial materiality

Sustainability issues that generate significant risks or opportunities that have or may potentially have a financial effect on our business.

Result

Environment

- Climate change (page 28)
- Biodiversity (page 34)
- Energy and transport (pages 39 and 41)
- Water and wastewater (page 42)
- Waste (page 43)
- Packaging (page 69)

Social

- Health and safety (page 50)
- Employee attraction and retention (page 52)
- Diversity and inclusion (page 54)
- Human and labour rights (page 55)

Governance

- Sourcing (page 47)
- Anti-corruption (page 57)
- Public affairs and marketing (page 62)
- Remuneration and tax (see Annual report 2021/22)

Sector specific

- Animal welfare (page 32)
- Food waste (page 45)
- Food product range (page 62)
- Food safety and supply security (page 67)



Supporting the 2030 Agenda for Sustainable Development

The UN's 17 Sustainable Development Goals (SDGs) address key global challenges faced by humanity, uniting nations, organisations, businesses and local communities in striving to achieving the goals by 2030. At Danish Crown, we are committed to strengthening our positive contribution to the SDGs and assume responsibility for mitigating negative impacts throughout our value chain. We acknowledge that meat production puts pressure on the earth's natural resources and leaves a substantial carbon footprint that we must reduce to ensure sustainable food production.

This page provides an overview of the SDGs in which we have a particular impact. In the following sections, we describe how our sustainability efforts relate to the described SDG targets underpinning the 2030 Agenda for Sustainable Development.



2 Zero hunger

A growing world population and increasing global demand for food call for more intensive agriculture and food production.

We deliver vital proteins through nutritious and safe food to people around the world and work to promote sustainable agricultural practices in our supply chain.



4 Quality education

In the global labour market, demands for formal education are increasing, putting pressure on unskilled workers.

We offer young people, adults and people of different nationalities the chance to acquire work skills and in this way contribute to increasing the qualifications of our workforce.



5 Gender equality

Abattoirs and food processing facilities primarily attract male employees, as does the agricultural sector.

We work to ensure equal leadership opportunities for women at all levels of our organisation.



6 Clean water and sanitation

Food production processes consume large volumes of water, which may strain water resources.

We are continuously working to identify new ways to minimise water consumption and reduce the organic matter in wastewater from our production and cleaning processes.



8 Decent work and economic growth

Working at abattoirs and food processing facilities entails an increased risk of accidents, occupational injury and work-related illnesses.

We create economic growth and work to ensure decent jobs for all employees, protection of workers' rights and a safe working environment.



12 Responsible consumption and production

Food production and society's consumption patterns place a strain on natural resources and the environment.

We strive to make efficient use of natural resources, reduce our environmental impact, reduce food waste and promote sustainable practices and consumption.



13 Climate action

Food production is a significant contributor to greenhouse gas emissions, particularly livestock production.

We are committed to the Science Based Targets initiative and work to reduce the climate impact of our operations and value chain.



15 Life on land

Increased food production is dependent on large areas of existing and new agricultural land, which may cause biodiversity loss and ecosystem degradation.

We work to include biodiversity considerations into agriculture in our supply chain and promote responsible production of soy and palm oil.



16 Peace, justice and strong institutions

For all businesses, fighting corruption is an important issue to address given its negative impact on economic and social development around the world.

We support the principles of the UN Global Compact and work to use our influence to promote human rights and fight corruption in our value chain.



17 Partnerships for goals

Achieving the SDGs requires extensive collaboration throughout the food chain and between industry, academia and government.

We run and participate in multi-stakeholder partnership projects that aim to develop new solutions that can contribute to the sustainable transition of food production.



2030 Agenda in action

In collaboration with the International Red Cross, Danish Crown donated more than 1 million meals to the victims of the war in Ukraine in March 2022. Being canned food with a long shelf life, there was no need for refrigeration. They were delivered from our Danish production facility in Vejle. Another 150,000 meals comprising Mou soup and soup fillings were dispatched to Ukraine in April 2022 in a joint collaboration with the organisation Preserve Ukraine and the embassy of Ukraine in Denmark. In addition, Sokolów in Poland donated both food and first aid kits and from September 2022 on approximately 780 Ukrainians are employed.



Read more about our response to the present world situation on page 9.



In February 2022, Danish Crown launched a new development programme for our future top leaders, with the first team comprising 12 carefully selected participants who were highly diverse in terms of both gender and nationality.



Read about our diversity efforts on page 54.

Close collaboration with our UK hauliers produced a more sustainable solution for refrigerated trailers. By electrifying the refrigeration units in May 2022, we have reduced greenhouse gas emissions from our UK transport fleet by around 50 tonnes a year.



Read about our transport optimisation efforts on page 41.

Danish Crown participates in the SuPrHeat project, alongside several large Danish companies, technology suppliers and researchers. By developing and testing high-temperature heat pumps employing natural refrigerants for process heat, the project aims to facilitate the electrification of a large proportion of the industrial process heat required as well as increase energy efficiency and reduce greenhouse gas emissions significantly.



Read about our energy efficiency efforts on page 39.



War veterans are employed at our Danish production facilities in Horsens and Ringsted to help them gain a foothold in the labour market and to contribute to solving a societal challenge. We train mentors to support the integration of the veterans into our work force.



Read about our social inclusion efforts on page 54.



Innovation and new technology have enabled our hide company, Scan-Hide, and its separate SPOOR brand to provide fully traceable leather fashion and furniture brands. In addition, a brand-new chrome- and aldehyde-free tanning method has been developed that makes the leather fully biodegradable and compostable at end of life. In 2022, Scan-Hide teamed up with a British designer to turn the biodegradable leather into unique designer bags.



Read about our responsible production efforts on page 38.

Danish Crown partnered up with a local energy supplier in summer 2022 to establish a wastewater pipe directly from our abattoir in Sæby, Denmark to the treatment plant as well as a new pre-treatment plant that can extract biomass from wastewater. Both parties will enjoy environmental and financial benefits, as the local energy supplier will use less chemicals and energy, while we can sell the bio mass for biogas production.



Read about our wastewater treatment efforts on page 42.

In December 2021, Danish Crown Fleisch, part of our business unit Danish Crown, made a commitment to cover our German soy consumption through credits by year-end 2022.



Read about our responsible soy efforts on page 35.



Sokolów has been supporting and sponsoring sports for many years to help promote a healthy lifestyle among the children and youth of Poland. In 2022, we sponsored both the Marcin Gortat Camp and a football tournament for children – the Sokoliki Cup – with over 120 teams participating. Sokolów has also joined forces with Polish sports stars to help promote healthy choices for young people.



Read about our products and health on page 62.

As part of our skills upgrading for hourly-paid workers in 2021/22, we assessed the training needs of around 500 workers in Denmark. Of these, 37 have attended a 10-week basic upskilling course in Danish, maths, IT and other courses, while 23 attended a dyslexia course.



Read about our training efforts on page 53.



Strong sustainability governance

Achieving our strategic ambitions and meeting ever increasing stakeholder expectations requires diligent management and governance of our sustainability efforts.

At Danish Crown, we work systematically and persistently across the value chain to lead and drive our industry in a sustainable direction. We fully recognise that our license to do so rests on strongly embedding international sustainability principles and responsible business behaviour in our own company.

Sustainability anchored throughout our business

At Danish Crown, the entire organisation is engaged in our sustainability work, whether that be our 5,404 cooperative owners or our employees working in abattoirs and production facilities, or those in our warehouses and offices. Some work at strategic and target setting level, others work with implementation and improvements.

Cooperative ownership means that we have a two-tier governance structure:

- 1) An owner management in Leverandørselskabet Danish Crown AmbA, which owns Danish Crown A/S.

- 2) A company management in charge of running and developing Danish Crown A/S.

The owner management has overall responsibility for setting our ambitions with regards to sustainability, while the company management is responsible for driving the decisions necessary to achieve these ambitions and ensure implementation.

As a group, achieving our sustainability ambitions depends on close collaboration and effective execution across the functions and business units of Danish Crown as well as with our owners and stakeholders in the value chain. This is why we also give special weight to our functional boards and committees in terms of driving and governing our sustainability solutions and their impact. In other words, our sustainability work is anchored at all levels of the organisation. Roles and responsibilities at each level are illustrated on page 19.

Setting high standards for the conduct of cooperative owners and employees

We must act as good citizens in everything we do. To this end, our cooperative owners are guided by our Code of Practice for Suppliers of Sows and Pigs and our ambition is to increase the use of our Code of Practice to also cover third-party



I take great interest in debating initiatives that support a sustainable role in society for agriculture.

— Michael Nielsen, Danish farmer and member of the Board of Directors

Governance with close links to farmers

Michael Nielsen has been a member of the Board of Directors of Danish Crown Amba since 2017 and he has a strong focus on Danish Crown's stakeholder engagement and the role of agriculture in Denmark. Being part of a cooperative and the community has always been important to Michael Nielsen, who owns the farm Tilsbæk near Slangerup in North Zealand, Denmark. Located close to Copenhagen, the Danish capital, the farm serves as a link between rural and urban communities and engaging in dialogue with local communities and bringing forward their perspectives to the board is important to him. Michael is also passionate about animal welfare and is a member of the Danish Animal Ethics Council and the Veterinary Committee of the Danish Agriculture & Food Council.



suppliers of pigs and cattle in Denmark, Sweden, Germany and Poland as well as sheep in Sweden and Germany by the end of 2023. Likewise, all employees are guided by our Code of Conduct, which consists of eight basic rules. The Code of Conduct is available in nine languages and supported by our whistleblower scheme, which is one of the channels through which employees

can raise their concerns if they perceive unethical conduct, see page 57.

Our commitments, policies and targets guide our actions

We have made multiple voluntary commitments in areas where we can make a difference and where relevant frameworks are in place. Our policies and standards reflect both these commitments and relevant national legislation in our countries of operation. Employees are trained in the policies and procedures that are relevant to their job function.

Policies at group level are approved by the Executive Board and the Board of Directors of Danish Crown A/S. In 2021/22, we updated three of our group policies on corporate social responsibility (CSR), data protection and whistleblowing and introduced two new policies on animal welfare and data ethics. We also developed a new packaging standard.

Our group policies are reviewed and updated if there are changes in legislation or if we find areas that need to be strengthened, and at least every two years to ensure they meet stakeholder expectations. In 2022/23, we expect to update our CSR Policy to further emphasise our commitment to labour rights, the ILO conventions and the environment. We will also work on developing a responsible marketing policy as well as a deforestation policy, which will build on our commitment to responsible soy. In addition, we expect to update our Supplier Code of Conduct in 2022/23.

We participate in partnerships and other efforts to ensure sustainable development in the sector in general. For this reason, we support the initiative “Danish vision for the pork production of the future” by the Danish Agriculture & Food Council, which sets ambitions for the sector within management, sustainability and animal welfare.

management systems, certifications and audits to ensure implementation and compliance both in-house and throughout our value chain.

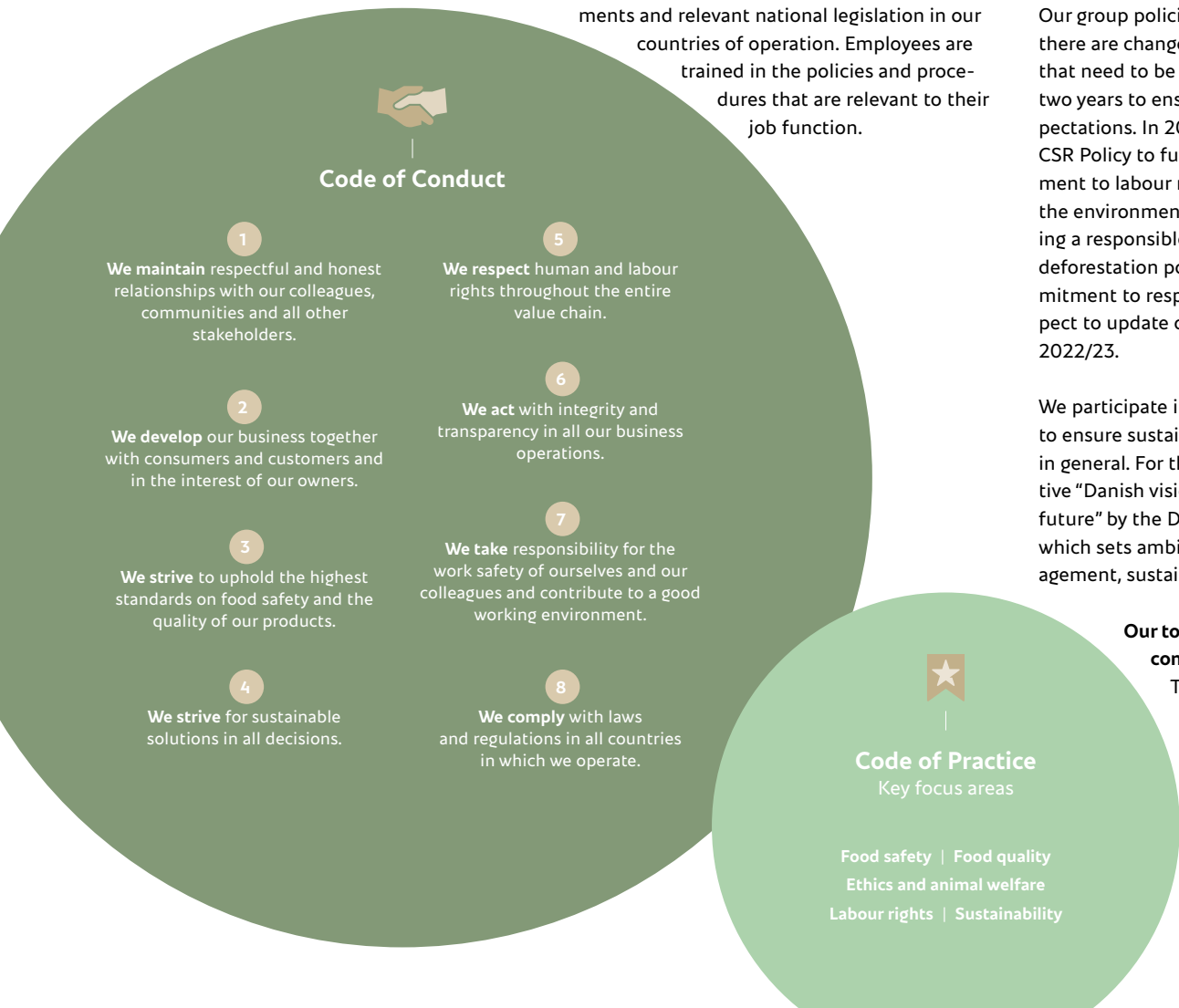
Whistleblower scheme for all stakeholders

We encourage an open culture where everyone is free to raise any concerns they may have, especially if they become aware of any unlawful or unethical business conduct or serious violations of internal rules and policies.

Danish Crown’s whistleblower scheme represents a safe channel for all employees of the group to report suspected criminal or unethical conduct, including matters concerning bribery and corruption, food safety and quality issues, discrimination and other issues that may cause Danish Crown to incur a financial loss, damage our reputation or have other negative impacts for our business and/or the persons involved. The whistleblower scheme may also be used by external stakeholders such as business partners, suppliers and customers.

All whistleblower reports are handled by the Danish Crown Whistleblower Committee, which is a small internal committee consisting of four senior managers. During the year, 21 reports were received, of which 19 have been addressed by the committee, while two reports did not concern topics that are to be handled under the scheme but in a different way in the company. The reports cover six topics and six countries. During the year, we updated our whistle-blower policy in order to ensure compliance with new legislation in the area.

To ensure that all whistleblower reports are handled effectively and subject to strict anonymity, confidentiality and security as well as in compliance with legislation, the Danish Crown Whistleblower Committee has defined a standard procedure that must be complied with. Over the course



Our tools for implementation and compliance

The overall connection between our governance structure and our sustainability work has been developed to ensure strong governance, but also to support implementation and compliance. Therefore, we apply several tools, such as our whistleblower scheme,



of the spring, senior global managers have been given a thorough introduction to the whistleblower scheme to increase their knowledge about the process for handling reports.

To further disseminate knowledge about our whistleblower scheme and underline that reports will be taken seriously and addressed thoroughly, we have been running information campaigns during the year under the heading 'Do you know how to blow the whistle' on the group intranet as well as in our employee magazine and on big screens in our canteens. On our intranet, we have posted instruction videos showing how to file a report. These are available throughout the group in nine languages, while the whistleblower portal is available to employees and other stakeholders in 28 different languages.

Management systems, certifications and audits

Management systems are a central tool for our production facilities to ensure implementation and compliance with various sustainability standards, including health and safety, the environment and food safety. Many of our facilities are certified and have third-party verification of their management systems.

We have developed our own management system, One Management System, which is an integrated environmental and health & safety management system that is compliant with the requirements of the ISO 14.001 and ISO 45.001 standards. Some of our Danish facilities have fully implemented the system and facilities in Sweden and Germany have started implementing the system. Furthermore, our facilities in Poland have been working extensively with management systems and certifications, and all facilities were third-party certified according to ISO 45.001 in 2021/22. See page 51 for more information. In addition, all the Polish facilities have been ISO 14.001 certified since 2015.

Implementation and compliance in our value chain

Our sustainability work is focused not just on our own conduct and practices, but also on our value chain. For example, our business is closely linked to the farmers who supply our slaughter animals. To ensure reporting and improvements in sustainability at farm level, we have developed the Climate Track, which covers reporting and tools for improvement within climate, animal welfare and biodiversity. See page 28 for more information on the Climate Track.

Measuring and communicating our progress

We are constantly working to improve the measurement of our progress to ensure that we live up to our targets and that our activities lead to the desired results. This year, we initiated a group-wide project to improve the overall setup for data gathering, validation, including solid processes and control points, as well as disclosure, which includes a new system and the development of dashboards for sustainability data. This will ensure alignment with the upcoming EU legislation and support our decision making and our ability to follow up on targets going forward. The project will be a key focus area in our sustainability efforts in the coming years. For more information on this, see page 71.

We regularly communicate our sustainability progress and activities both in-house and to our external stakeholders. In addition to our annual sustainability reporting, we use communication channels such as our Annual report, social media, press releases, our website and ongoing dialogue with many different external stakeholders.



Certification coverage of production facilities

Food safety	Share of produced volume covered	86 per cent
Environmental	Share of produced volume covered	60 per cent
Health and safety*	Share of production employees covered	47 per cent
Animal welfare	Share of slaughtered animals covered	82 per cent

* We always follow national legislation in our countries of operation within the above-mentioned areas. In terms of the health and safety certification, all our production facilities are covered jointly by our target for reducing the number of accidents, which ensures consistent focus on health and safety.



Commitments and policies

Our commitments and policies are translated into relevant targets to ensure clear guidance on what is required to meet our commitments. See more in our target and activity overview on page 80.

Commitments related to sustainability

- 2030 Agenda for Sustainable Development and UN Sustainable Development Goals (SDGs)
- Code of Conduct on the Use of By-products (Danish Code)
- Danish Alliance for Responsible Palm Oil
- Danish Alliance for Responsible Soy
- Danish Gender Diversity Pledge*
- Denmark against Food Waste
- EU Code of Conduct on Responsible Food Business and Marketing Practices
- Roundtable on Sustainable Palm Oil
- Round Table on Responsible Soy**
- Science Based Targets initiative***
- The UK Soy Manifesto*
- The Swedish Soy Manifesto
- UK Modern Slavery Act
- UN Global Compact
- UN Guiding Principles on Business and Human Rights
- Vision Zero (Danish commitment)

Group policies and standards related to sustainability

- Anti-Corruption Compliance Policy
- Code of Conduct
- Code of Practice for Suppliers of Sows and Pigs****
- Communications Policy
- Corporate Social Responsibility Policy
- Data Ethics Policy
- Data Protection Compliance Policy
- Diversity and Inclusion Policy
- Gifts, Hospitality and Travel Expenses Standard
- Offensive Behaviour Standard
- Packaging Standard
- Policy for Animal Welfare
- Public Affairs Standard
- Purchasing Policy
- Supplier Code of Conduct
- Tax Policy
- Whistleblower Policy

See selected policies here

* Committed during 2021/22

** Member since November 2022

***Targets submitted 2021/22

****Applicable for cooperative owners



Leverandørselskabet Danish Crown AmbA

Areas of responsibility

Key sustainability activities

Leverandørselskabet Danish Crown AmbA is a cooperative owned by its 5,404 Danish member farmers. Local district meetings are held biannually and farmers exercise ownership in the districts by electing members to the Board of Representatives.

Our cooperative owners are part of the Climate Track, which means they share production data and various sustainability information with Danish Crown. In return, they get individual feedback on their sustainability performance compared to a Danish Crown national average and a mapping of their sources of greenhouse gas emissions with suggested reduction initiatives.

The supreme authority with 90 representatives elected by and from among our cooperative owners. Quarterly meetings are held to inform about key developments related to strategy, operations and the current state of affairs. The Board of Representatives appoints the members of the Board of Directors.

Matters discussed include the Science Based Targets initiative and approval of our new biodiversity approach.

Furthermore, a full day of training covering life cycle assessments, Science Based Targets initiative, greenhouse gas reductions, commercialising sustainability and engaging with the local community was conducted in 2022.

Ten members are elected by and from among the Board of Representatives. The Board of Directors is responsible for all matters related to the cooperative owners. The Board of Directors also handles matters related to capital, ownership and strategy.

Support and approval of our new Policy for Animal Welfare, targets submitted to Science Based Targets and new biodiversity approach.

Decision to expand our Code of Practice to cover all our suppliers of slaughter animals in Denmark, Poland, Sweden and Germany.

Consists of owner and employee representatives as well as independent members. The Board of Directors handles the overall management of Danish Crown A/S and is responsible for follow-up and control of operations, strategy, management and financial affairs.

Approval of strategies and updated group policies, including our corporate social responsibility, data protection and whistleblowing policies as well as new policies on animal welfare and data ethics.

The daily management of the company is handled by the Executive Board, which ensures resource and capital allocation in relation to owner interests, purpose and vision. The Executive Board is responsible to the Board of Directors A/S for defining and delivering on group strategies and targets.

Oversees and endorses our four strategic sustainability areas and associated sustainability levers.

Provides sponsorship to selected high-level sustainability projects and ensures that sustainability is a focus area across all business units and group functions.

Drives implementation in our business units and group functions of our strategies and associated initiatives. Oversees that our business is carried out in accordance with laws and regulations, our Code of Conduct, group policies and other internal rules.

Participates in defining the issues most material to Danish Crown and prioritises our sustainability work accordingly. Engages in ongoing discussions and support of our sustainability work, including life cycle assessments, our commitment to the Science Based Targets initiative, packaging and improvement of data gathering and validation processes.

To ensure ownership and fast execution of our project portfolio, our functional boards and committees act as steering groups for cross-business unit projects. They maintain a pipeline of initiatives to deliver on our strategies and ensure expertise as well as market and business unit perspectives.

The functional boards and committees support our four strategic sustainability areas and associated sustainability levers. Examples of groupwide projects include ensuring compliance with upcoming EU legislation as well as our Sedex assessments and our new Packaging Strategy.

Our business units and group functions deploy group strategies and develop their own strategy and organisation to contribute to group targets.

Our business units and group functions are involved in the implementation of our sustainability strategy and our ongoing sustainability work. Sustainability experts in our Group Sustainability functions support the business units and work closely with our different group functions. For an overview of the main sustainability related activities across Danish Crown during 2021/22, see our activity overview on page 80.

Danish Crown A/S



Board of
Directors
A/S

Executive
Board

Senior
Management
Group

Functional boards
and committees

Business units and
group functions



Setting science-based climate targets

Combating climate change is a key element of Danish Crown's business and sustainability strategy. Our climate vision is to achieve climate-neutral (net-zero) meat production by 2050. In September 2021, we committed to set climate targets under the Science Based Targets initiative (SBTi). We submitted our targets to the SBTi in July 2022 for validation and in November 2022 our targets were approved. Having our climate targets validated and approved by the SBTi will ensure that our climate actions lead to absolute reductions in our greenhouse gas emissions. We expect these targets to replace our current 2030 target. The targets we submitted are broken down into sub-targets for our scope 1, 2 and 3 emissions based on a detailed mapping of all significant greenhouse gas emissions throughout our value chain.

We have completed the first calculations of our scope 3 greenhouse gas inventory, and we will work further on ensuring reliable data for all scope 3 categories. We have had specific focus on our farm-level greenhouse gas emissions as these account for the majority of our scope 3

emissions. The calculations are based on our most recent life cycle assessment (LCA) calculations for different production countries and animal types. We have used primary level data (full inventory) for most scope 3 categories, including feed, meat sourced from third parties, logistics, packaging and ingredients. Calculations of farm-level greenhouse gas emissions are based on a combination of data from our farmers in the Climate Track and national averages for countries or animal types where the Climate Track has not been rolled out. Our logistics footprint is largely based on supplier-specific primary data from Tier 1 suppliers. For other major categories of purchased goods and services, we have used activity data and their respective emission factors. This covers most of our scope 3. For a few small categories, we have applied industry-average emission factors on the economic value of the goods and services purchased (spend-based method).

To further improve the quality of data for supplier-specific greenhouse gas emissions, we are developing a supplier engagement programme.



Science-based targets

Our science-based targets will be a lever to ensure greenhouse gas emission reductions both in our own operations and our value chain.

The programme will focus on non-meat suppliers with the highest level of greenhouse gas emissions. Initial screening of major suppliers has shown that our top-ten suppliers for each category of scope 3 emissions, including logistics, packaging and ingredients, account for more than 50 per cent of all our non-meat procurement greenhouse gas emissions.

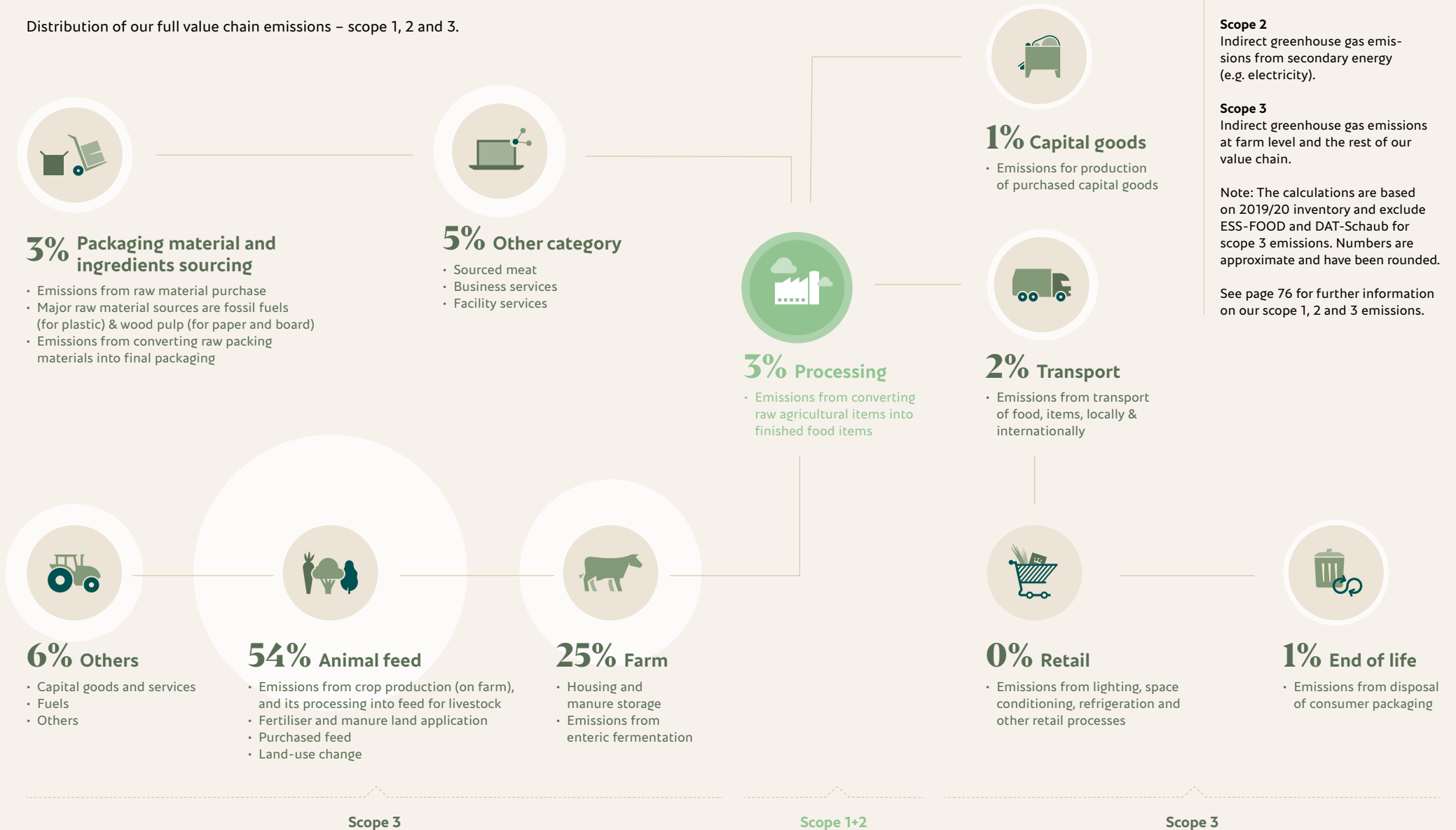
See page 28 for more information on our work to reduce our scope 3 emissions at farm level by helping our cooperative owners achieve reductions. More information on scope 1 and 2 reductions at our production facilities is available on page 39.





Understanding major sources of greenhouse gas emissions

Distribution of our full value chain emissions – scope 1, 2 and 3.



Scope 1
Direct greenhouse gas emissions from primary energy at our production facilities (e.g. natural gas).

Scope 2
Indirect greenhouse gas emissions from secondary energy (e.g. electricity).

Scope 3
Indirect greenhouse gas emissions at farm level and the rest of our value chain.

Note: The calculations are based on 2019/20 inventory and exclude ESS-FOOD and DAT-Schaub for scope 3 emissions. Numbers are approximate and have been rounded.

See page 76 for further information on our scope 1, 2 and 3 emissions.



Sustainability strategy

Sustainability strategy | Strategic milestone

Kenneth is one of Danish Crown's cooperative owners. He is engaged in reducing his on-farm greenhouse gas emissions as he here explains to Inge from Danish Crown. At Danish Crown, we strive to be more sustainable, both at farm level and at our production facilities. Danish Crown works closely with our owners, including by advising them about on-farm improvements. Advice issues may include optimisation of feed, ventilation, temperature and slurry.





Finding new ways to feed a growing world population with a strong sustainability strategy

Our sustainability strategy supports our corporate strategy and has four strategic lighthouses covering our ongoing efforts to advance sustainable food production, ensure good jobs and minimise risks and adverse impacts in our value chain. Strategic levers guide our actions and reporting within each lighthouse. In 2021, we ranked 91st out of 350 companies for our contribution to the transformation of the global food system, as announced by Food and Agriculture Benchmark. We believe this underlines the strength of our the strategy, as the benchmark includes the world's most influential food and agriculture companies.



Together with customers and consumers

We strive to earn the confidence of customers and consumers and meet their needs for healthy, safe and responsible food. We are therefore developing new food concepts together with customers in retail, foodservices and the food industry.

Strategic levers

Consumers and products

Life cycle assessment

Meeting customer demands



Good jobs for everyone

Our employees are our most valuable asset. We aim to attract and retain employees by working to provide good jobs and safe workplaces. We offer jobs to people from different backgrounds and continuously strive to promote social integration, apprenticeships, skills development and equality.

Strategic levers

Safety first

Social responsibility

Ethical standards



Sustainable farming

We aim to secure a strong future for farmers and promote sustainable livestock production within planetary boundaries. Sustainable livestock production also includes high animal welfare standards, protecting livestock from harmful viral diseases like African swine fever (ASF) and attention to biodiversity.

Strategic levers

Climate impact

Animal welfare

Biodiversity



Sustainable food production

We strive to maintain sustainable efficient and high-performing food production, setting high standards for ourselves and for our suppliers. Efficient resource utilisation and circular solutions are crucial to reducing our carbon footprint and providing enough food for the world's growing population.

Strategic levers

Resource use

Waste

Responsible sourcing



Progress on strategic milestones

🕒 Target adopted 📅 Target date
 → As planned ↑ More quickly ↓ More slowly

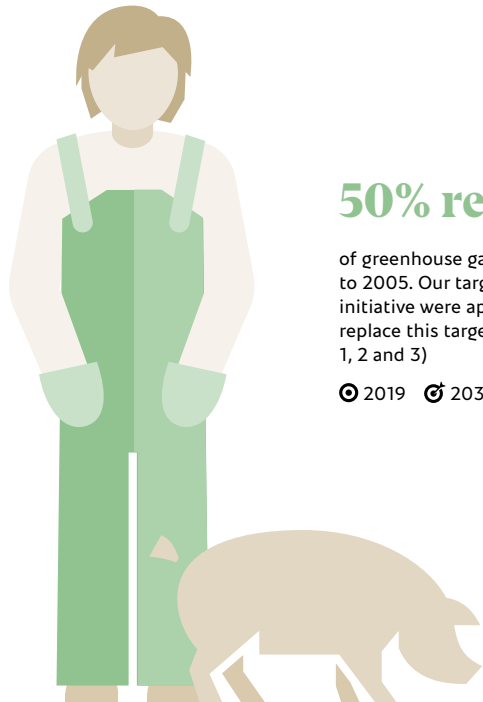
We have defined a number of targets we consider to be milestones on the road to fulfilling our sustainability strategy. In this section, we provide an overview of our progress towards these milestones, which are described in further detail elsewhere in the report. The arrows indicate whether things are progressing as planned, more quickly or more slowly than anticipated. To see more information on a milestone click on the status.



Climate-neutral production

Climate-neutral meat production (applies to scope 1, 2 and 3).

🕒 2019 📅 2050 → As planned



50% reduction

of greenhouse gas emissions per kg of meat relative to 2005. Our targets for the Science Based Targets initiative were approved in November 2022 and will replace this target going forward (applies to scope 1, 2 and 3)

🕒 2019 📅 2030 → As planned



100% on the Climate Track

100 per cent of our suppliers (cooperative owners and direct suppliers) of slaughter animals to join the Climate Track*.

🕒 2019 📅 2025 → As planned



40% less waste

40 per cent reduction in the volume of suitable combustible waste from our production facilities relative to 2020/21 and 80 per cent waste recovery.

🕒 2021 📅 2030 ↓ More slowly



Sustainable farming

Sustainable food production

Climate impact

Animal welfare

Biodiversity

Resource use

Waste

Responsible sourcing

100% responsibly produced soy

used for feed by our Danish suppliers of slaughter animals.

🕒 2020 📅 2025 → As planned

No palm oil

used in feed by our Danish suppliers of slaughter animals.

🕒 2020 📅 2023 → As planned

Lower water consumption

40 per cent reduction in water consumption at our production facilities in Denmark, Poland, Sweden, Germany and the Netherlands per tonne produced relative to 2019/20.

🕒 2020 📅 2030 ↓ More slowly

*Target or target date adjusted. For more information see our target and activity overview on page 80.



Reduced noise levels

82 dB(A) is the aim for maximum daily noise exposure for our production employees.

🕒 2021 🎯 2030 → As planned



Fewer work-related accidents

target of 20 for maximum annual frequency of lost time accidents per 1,000 FTEs at our European production facilities.

🕒 2017 🎯 2025 ↓ More slowly

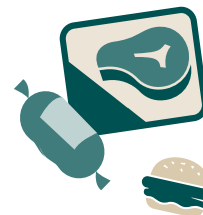


35%

A diverse workforce

35 per cent of women in senior leadership positions.

🕒 2021 🎯 2030 ↓ More slowly



Less packaging

Reducing all of our packaging by 15 per cent per tonne produced in 2025 relative to 2020/21 and by 30 per cent in 2030.

🕒 2022 🎯 2030 → As planned



Good jobs for everyone

Together with customers and consumers

Safety first

Social responsibility

Ethical standards

Consumers and products

Life cycle assessment

Meeting customer demands

Musculoskeletal disorders

Reduction in physical strain for the 10 per cent most demanding production jobs with respect to musculoskeletal disorders (MSD).

🕒 2019 🎯 2025 ↓ More slowly

*Target or target date adjusted. For more information see our target and activity overview on page 80.



Sustainable farming

Climate impact | Animal welfare | Biodiversity

Michael Nielsen is one of our 5,404 cooperative owners, and part of what makes Danish Crown unique. To him, animal welfare is at the very core of how he runs his farm, and his engagement and commitment to animal welfare has led to membership of the Danish Animal Ethics Council and the Veterinary Committee of the Danish Agriculture & Food Council. Michael and all our cooperative owners are the bedrock of Danish Crown and part of creating a more sustainable future for food.





Front runners in sustainable livestock production

Our cooperative owners are front runners in resource-efficient livestock production, and they continuously strive to improve their sustainability footprint. Life cycle assessments show that the production of slaughter animals is responsible for approximately 90 per cent of greenhouse gas emissions related to meat production. Thus, reducing greenhouse gas emissions is crucial to ensuring sustainability at farm level. The research and innovation needed to achieve significant reductions in greenhouse gas emissions cannot

be undertaken by the individual farmer alone. Therefore, helping our farmers in their sustainability journey is key to achieving our climate ambitions.

Sustainable livestock production also includes high animal welfare standards, protecting livestock from harmful viral diseases like African swine fever (ASF) and attention to biodiversity. These issues are high on the agenda for Danish Crown and for our stakeholders.



Sustainable farming

Climate impact

In this section you can read about:

- The Climate Track
- Scope 3
- Innovation within farming

Animal welfare

In this section you can read about:

- Animal welfare
- Animal welfare certifications and programmes

Biodiversity

In this section you can read about:

- Biodiversity
- Soy and palm oil



We support target 2.4 by working to promote sustainable food production systems through our farm-level sustainability programme, the Climate Track.



We support target 13.3 by working to reduce greenhouse gas emissions related to our value chain in scope 3 and our commitment to the Science Based Targets initiative.



We support target 15.2 by combating deforestation as well as target 15.9 by integrating biodiversity values into farm operations.



Danish Crown's cooperative owners are part of the Climate Track and others are joining



Our sustainability programme for farmers, the Climate Track, supports us in achieving greenhouse gas emission reductions in our value chain.

The Climate Track is our sustainability programme for farmers supplying slaughter animals to Danish Crown. Farmers participating in the Climate Track cooperate with us on our climate targets related to scope 3 and, depending on the specific country and animal, support our ambitions within animal welfare, social responsibility and biodiversity.

Farmers on the Climate Track share production data and various sustainability information with Danish Crown. In return, they get individual feedback on their sustainability performance compared to a Danish Crown national average as well as a mapping of their sources of greenhouse gas emissions with suggested reduction initiatives. The collected data is incorporated into scope 3 calculations, which are therefore more precise and support our shared efforts to reduce the climate impact at farm level. For Danish pig farmers who report on feed use, piglet mortality and daily gain as part of the Climate Track, we have adopted a reporting premium of 0.1 DKK per kg from 1 January 2023. The premium also requires the farmer to be certified. We believe this premium

will further strengthen the quality of the data and our ability to meet scope 3 emission targets.

Stepwise rollout

The rollout of the Climate Track to all farmers supplying slaughter animals to Danish Crown is a huge and stepwise process in which the relevant sustainability parameters and data collection are customised to the specific country and animal type. In addition, which parts of the Climate Track are implemented first and when certification will be included can vary.

So far, certification in relation to the climate indicators has been part of the rollout in Denmark, and all our Danish pigs and Danish cattle farmers are now certified. Danish farmers supplying Free Range Beef are in the process of getting certified. The farmers have defined their own targets for improvements on selected parameters such as feed efficiency and biogas production. Certification was provided by an independent certification body, which audits the farmers at least every three years, reviewing data and targets.

Reduce climate impact

Target

- Supporting our target to reduce our greenhouse gas emissions from production by 50 per cent per kg of meat by 2030 and our vision to have climate neutral (net-zero) meat production by 2050.

Activities in 2021/22

- Continued rollout of the Climate Track with focus on Danish farmers supplying Free Range Beef as well as Swedish and German pig producers. Approximately 65 per cent of Swedish slaughter pigs are covered by the Climate Track and 100 per cent of Danish farmers supplying Free Range Beef have now joined the programme. In Germany, we are testing the implementation of the Climate Track on pigs.
- Decision made to introduce a reporting premium for those of our cooperative pig owners who report their use of feed, piglet mortality and daily gain.
- Continued collaboration with relevant industry players in research projects on climate solutions of tomorrow.

Future activities

- Implement reporting premium for cooperative pig owners.
- Continue the development and rollout of the Climate Track. In 2022/23, we expect to focus on continuing the enrollment of Swedish and German pig farmers and to start enrolling Danish and Swedish farmers supplying dairy cattle. Our goal is that by 2025, 100 per cent of our cooperative owners and contract suppliers of slaughter animals in Denmark, Sweden, Poland and Germany will be following the Climate Track.
- Continue the development and implementation of roadmaps to meet scope 3 emission reduction targets.



Sustainability parameters in the Climate Track

The figure shows examples of the parameters in each of the areas for which farmers on the Climate Track collect data. Currently, the areas covered vary depending on country and animal type. The biodiversity parameters will be further strengthened in the coming years to ensure alignment with international standards as they develop.



Levers to reach 2030 scope 3 emission targets

We are developing roadmaps to reach our 2030 greenhouse gas emission targets for each production system and each country. In 2021/22, we worked on a roadmap for Danish pig production, covering initiatives to be implemented at Danish Crown level and at the individual farm.



We have developed a roadmap for Danish pig production that includes initiatives aimed at the Danish Crown level and at the individual farms.

We have identified key potential levers across countries and groups of farmers and made an initial mapping of the climate footprint reduction potential. Depending on country and animal group, the levers differ in terms of climate impact and ease of implementation but, overall, some of the identified key levers are:

- Feed efficiency
- Manure handling and technologies, including biogas
- Responsibly produced soy and palm oil
- Reductions in enteric fermentation (cattle)



Greenhouse gas emissions from livestock production in Denmark and Sweden

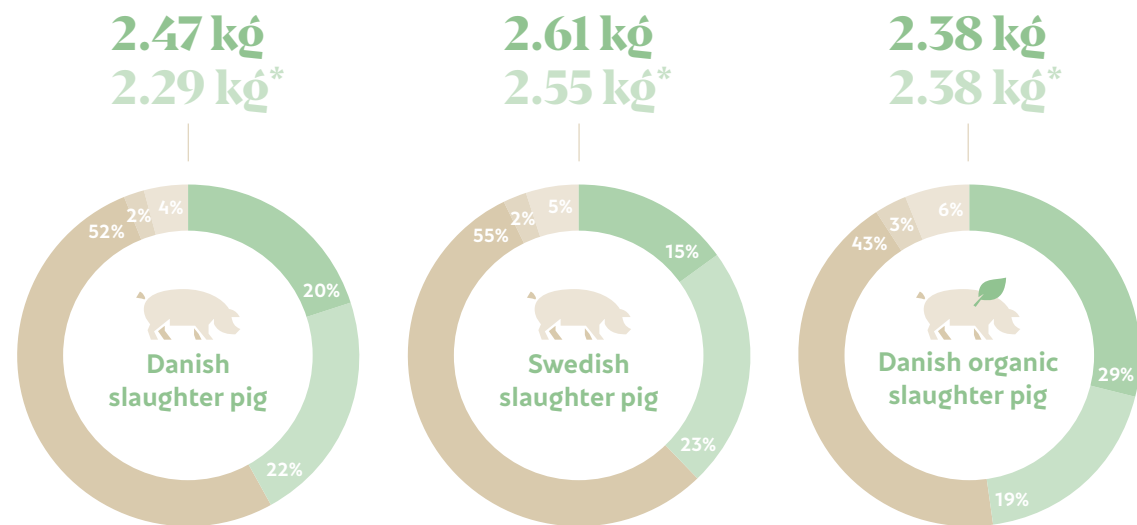
Overall in 2021/22, pigs on the Climate Track show calculated emission levels of 2.47 CO₂e/kg live weight for Danish pigs, 2.38 CO₂e/kg live weight for Danish organic pigs and 2.61 CO₂e/kg live weight for Swedish slaughter pigs. All Danish farmers have defined specific goals for reducing emissions at their farms.

About half of the greenhouse gas emissions from our Danish and Swedish slaughter pigs derives from purchased feed. These emissions can be reduced by sourcing deforestation-free certified soy, which minimises the negative effects of Direct Land Use Change (dLUC) on emissions.

In both Denmark and Sweden, we are working towards transitioning to feed based exclusively on certified soy. The illustration below shows the estimated effects of the transition once fully implemented. The feed used for Danish organic pigs is already based entirely on certified soy, so there will be no transitioning effect. In addition, feed used for Danish pigs is already based on 20 per cent certified soy, but the effect of using deforestation-free soy will only be included in the actual carbon footprint once the soy used is 100 per cent certified. The transition effect is lower for Swedish pigs than for Danish pigs because the feed composition used in Sweden has a lower share of soy. You can read more about our transition to certified soy on page 35.

CO₂e/kg live weight in 2021/22

- Stable systems and manure storage
- Feed production and manure application at the farm
- Purchased feed
- Fuel and energy
- Other parameters



*Estimated CO₂e emissions after transition to certified soy, all else being equal.



Growing our own feed gives us control of the chain from fertiliser to feed.

— Ida and Jacob, Swedish farmers

The Climate Track was the natural next step

Ida and Jacob run an integrated farm with 300 sows in Onnestad, Sweden and supply slaughter pigs to KLS. The farm has been in the family for four generations and has expanded and developed over time. Over the years, they have made several changes, including producing their own feeds and building energy efficient stables partly made from recycled, durable materials. These improvements have led to more sustainable pig production. Hence, it was also a natural next step for the couple to join the Climate Track in early 2022. Going forward, Ida and Jacob will as part of their participation in the Climate Track collect farm data on, for example, feed consumption, calculate the environmental impact and map possible reduction initiatives.



Sustainable transition calls for innovation

Danish Crown engages in development projects supporting the sustainable transition of agricultural production. We contribute our practical experience and have an open dialogue with our cooperative owners and suppliers of slaughter animals to test new technologies and solutions in order to ensure that they can be implemented successfully at farms.

In 2021/22, we were involved in launching a new pilot project to investigate the use of nitrification inhibitors in feed-grain cultivation. Adding nitrification inhibitors to manure prevents ammonium from being converted in the soil to nitrate and nitrous oxide, a greenhouse gas. This helps to increase nitrogen utilisation and to reduce the production of nitrous oxide. The effect depends on soil type, crop selection, temperature, rainfall and not least application method, and some of our cooperative owners will be testing the inhibitors in the 2023 fertiliser application season.

Furthermore, carbon-neutral fertiliser based on green ammonia from wind power could potentially reduce the climate footprint from the use of mineral fertilisers. In September 2022, Danish Crown together with other large Danish cooperatives in the agricultural sector founded the company Green Fertiliser Denmark, which will carry out a feasibility study to clarify whether there is a basis for establishing a Danish production of green fertiliser.

Future climate solutions



Methane capture

In Denmark and Sweden, we participate in research projects to limit methane emissions from manure storage and spreading.



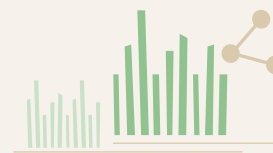
Carbon sequestration in the field

We participate in a Danish research project which aims to increase carbon storage and reduce nitrate leaching and nitrous oxide emissions by establishing multi-year pasture areas from annual crop rotations.



Reducing methane emissions from cattle

We are involved in Danish and Swedish research and development projects focusing on cross breeds, methane-neutralising feed additives and increasing feed efficiency to reduce the methane produced in the rumen of cattle.



Extracting grass protein

We are part of the Dansk Protein Innovation partnership and participate in the Bio Value research project seeking to find a profitable method of extracting grass protein. Some of our cooperative owners have tested grass protein as an alternative to soy in feed.



Green fertiliser

We are engaged in the development of manure technology and green fertiliser while also focusing on optimising the application of mineral fertilisers and emission-reducing additives.



Care and respect for animals is at the heart of our business



We promote the wellbeing of animals during all phases of production, from farm to transport and slaughtering.

We work with our cooperative owners and suppliers of slaughter animals as well as with researchers and organisations in the agricultural sector to promote good animal health and welfare. Care and respect for animals is crucial to ensuring that Danish Crown can produce high-quality food products.

We take our commitment to animal welfare very seriously, and in 2021/22 we strengthened our governance of the area in several ways. In December 2021, a new strategy on animal welfare was approved to further improve animal welfare from farm to transport and slaughtering across all markets. The strategy includes specific plans to increase the validity and effectiveness of our data collection on animal welfare, setting feasible targets and launching new projects to improve animal welfare. We have also developed a new Policy for Animal Welfare, which was approved in 2022. It applies to all markets and all animal species supplied to the group. Furthermore, we disclose our position and data on various animal welfare-related issues in our animal welfare position statement, which is updated annually and made available on our website.

Animal welfare requirements are also set out in our Code of Practice for Suppliers of Sows and Pigs in Denmark, and this will be expanded to

cover other animal groups and countries. Going forward, our general Supplier Code of Conduct will be updated with stricter animal welfare requirements for the suppliers of other meats. Furthermore, it goes without saying that we expect all our suppliers to comply with European and national legislation.

We also participate in efforts to ensure high standards of animal welfare in the sector in general. We have therefore supported the initiative "Danish vision for the pork production of the future" from the Danish Agriculture & Food Council, which was launched in September 2022. Among other things, it sets targets for loose-housed sows as well as new breeding targets to increase the survival of piglets and reduce the prevalence of tail docking.

Benchmark for farm animal welfare

In March 2022, we were ranked Tier 3 in the Business Benchmark for Farm Animal Welfare (BBFAW) Report 2021. The report ranks 150 global food companies across multiple animal welfare criteria covering all animal types and is a leading global measure for food companies' commitment, performance and disclosure on animal welfare.

Our latest ranking of Tier 3 is not satisfactory, as we ranked Tier 2 in the 2020 BBFAW Report. The lower ranking is primarily due to changed

Animal welfare



- We want to be ranked as Tier 2 in the 2023 Business Benchmark for Farm Animal Welfare (BBFAW) Report.



- Development and approval of an Animal Welfare Strategy.
- Development and approval of Policy for Animal Welfare.
- Development of a tool to map the animal welfare certification programmes to which our abattoirs adhere.
- Animal welfare certification covering 82 per cent of our slaughtered animals.



- Update our Supplier Code of Conduct with stricter animal welfare requirements for livestock suppliers.
- Develop and implement Code of Practice for relevant animal species in Denmark, Sweden, Germany, and Poland by 2023.



Danish Crown's new Policy for Animal Welfare

Our Policy for Animal Welfare is part of our sustainability strategy, reinforcing our commitment to animal welfare. The policy outlines our position on animal welfare in the supply chain, including such aspects as routine confinement, transportation, humane slaughter, use of antibiotics and growth promoters as well as animal welfare management and partnerships. We will regularly review our Policy for Animal Welfare in collaboration with relevant stakeholders.

valuation criteria and weighting as well as our reporting being unsatisfactory in some areas. Going forward, we will strengthen our reporting and aim to restore our Tier 2 ranking.

Animal welfare programmes

Danish Crown has developed a range of programmes to deliver products with strong animal welfare parameters to specific requirements from markets, customers and consumers. These include welfare programmes such as the Danish Antonius and 'Bornholmergrisen', free-range pigs and cattle, the 'Dansk Kalv' concept and the Polish Together into the Future programmes. Most of these programmes are certified by an independent body.

Three levels of control

In Denmark, Sweden and Germany, we have a strict control process to monitor animal welfare, including the use of medicine, see page 68. The three-level process consists of:

1. In-house checks by specialised farm and abattoir staff.
2. Veterinary controls, with state-employed veterinarians monitoring the entire process from the rearing of the animals on farms to inspections of individual animals at the abattoir.
3. Authorities and customers performing unannounced controls.

Certification of animal welfare practices at abattoirs

In 2021/22, we developed a tool to map the certification programmes our abattoirs must comply with. The tool can clarify the steps that abattoirs must take to comply with further relevant standards and certification programmes. These include the Global Red Meat Standard (GRMS), which is a certification programme developed by the Danish Agriculture & Food Council. This programme is run in partnership with its members and the Danish Meat Research Institute to deliver transparency within animal welfare, quality, food safety and hygiene at abattoirs.

Short and comfortable transportation

We strive to shorten transport times from farm to abattoir, while comfortable transport is just as important. All our drivers are therefore trained in transporting live animals professionally.

Countering the spread of African swine fever

In 2021/22, African swine fever (ASF) spread from central and eastern European countries to Germany and Italy. This is of great concern to us, as our exports to the global market is significantly affected if export restrictions were

imposed on our products as a result of ASF.

In support of the national preventive measures to uphold biosecurity, which include a wild boar fence along the Danish-German border, we have also initiated a variety of precautionary measures at our abattoirs. For example, our German facilities have introduced information folders and visitor restrictions after stays in high risk areas. In Poland, we provide recommendations and support for farmers to install disinfection gates at farm entrances or use manual sprayers for additional disinfection of vehicles entering the farm.



Organic pigs

Danish farmer Jesper and his organic pigs in Odsherred, Denmark.





Engaging farmers to preserve biodiversity



We believe that modern agricultural production and nature should go hand in hand.

We are committed to using our leverage to contribute to mitigating biodiversity loss and ecosystem degradation.

In 2021/22, we developed a new biodiversity approach. The ambition is to grow and produce more effectively in the areas where this can be

done sustainably, leaving less productive marginal areas to nature. As such, the approach focuses on both arable land and nature with no or limited human impact. We are starting in Denmark, where Danish Crown's cooperative owners manage about one third of the agricultural land and thus have a unique opportunity to make an impact.

Scientific biodiversity indicators

We are implementing the approach as a pillar in Danish Crown's sustainability programme for farmers, the Climate Track, see page 28. Together with leading biodiversity researchers from Danish universities, we have identified initiatives of great importance to biodiversity on the farms and selected approximately ten biodiversity indicators, such as prevalence of wildflower and insect species, to monitor the degree of biological diversity. We expect that this will enable Danish Crown and our farmers to compare their biodiversity performance with national ecosystem indicators, when these are developed.

By year-end 2022, we expect to start collecting data on our cooperative owners and suppliers of free-range pigs and cattle in Denmark, cattle in Sweden as well as all suppliers to Friland Germany. The data collected will serve as a baseline for our biodiversity efforts. We expect the baseline to be finalised in summer 2023 and we will use it for the development of further initiatives to foster



Five initiatives of great importance to biodiversity on farms

- Preserve and secure sheltered fences, old trees, heather, game sheds and pastures which are habitats for beetles and insects.
- Minimise the use of dewormers for cattle grazing on natural areas to increase the population of beetles and flies in cow dung.
- Increase cattle grazing of natural areas which supports the natural animal and plant life on and around the field.
- Establish buffer zones along protected areas and vulnerable habitats.
- Compensate for environmental impact by buying or renting land for nature conservation instead of extracting quality farmland.

biodiversity and set concrete targets. The data collection is integrated into the Climate Track data collection and includes questions about share of nature area, type of nature areas, etc.

Biodiversity



Ambition

- We want to work with our suppliers of slaughter animals to support modern agricultural production going hand in hand with nature by growing and producing more effectively in the areas where doing so is sustainable while releasing marginal lands back to nature.



Activities in 2021/22

- Development of biodiversity approach.
- Development of the Climate Track to include collection of biodiversity data. Datapoints selected in cooperation with researchers from Danish universities.



Future activities

- Initiate data gathering from cooperative owners through biodiversity application and establish baselines for all cooperative owners and suppliers of pigs and cattle in Denmark and Sweden.
- Develop biodiversity concept for selected products.



Promoting responsibly produced soy and palm oil



As a member of the Swedish Soy Dialogue we are dedicated to ensuring that our Swedish suppliers of slaughter animals transition to feed with 100 per cent deforestation-free, certified and segregated soy.

70 per cent of all globally produced soy is used to feed production animals. Even though Danish imports of soy for feed only account for 0.25 per cent of global soy production, Danish Crown is committed to playing an active role in promoting responsibly produced soy. We are therefore members of the Round Table on Responsible Soy (RTRS). We also participate in the research and development of alternative protein sources for feed, see page 31.

By 2025, all slaughter animals from our cooperative owners and Danish suppliers will be fed on soy from producers who can document that their production is responsible, and that rainforests or other vulnerable natural ecosystems have not been cleared for soy production. This target is stated in our soy action plan launched in 2020 in cooperation with the Danish Alliance for Responsible Soy. We apply the guidelines for responsible soy adopted by the European Feed Manufacturers' Federation (FEFAC). We expect FEFAC to implement an unambiguous and broadly recognised policy by 2025 that sets clearer third-party-verified guidelines to prevent both illegal and legal deforestation, thereby ensuring full traceability throughout the value chain.

Transition to certified soy

Until the supply lines for the acquisition of responsible soy have been established, we will purchase credits to compensate for the soy used by our cooperative owners, Danish suppliers of slaughter animals and as ingredients in products made at our Danish food processing facilities. Since October 2020, we have been buying credits from the certification programme RTRS or RTRS-equivalent certificates. One RTRS credit equals the production of one tonne of certified soy and guarantees that no illegal or legal deforestation has taken place in vulnerable forest areas.

In 2021, 80 per cent of soy consumption was compensated by Danish Crown through RTRS credits or equivalent. The remaining 20 per cent was certified soy purchased by feed companies. The credits equal 430,000 tonnes of soy. We expect to see a gradual transition from credit coverage to purchase of certified soy going forward to 2025.

Our Swedish suppliers of slaughter animals are also transitioning to feed with 100 per cent deforestation-free, certified and segregated soy. We are also members of the Swedish Soy Dialogue.

Biodiversity



Target

- **Denmark:** All cooperative owners and suppliers of slaughter animals will use 100 per cent responsibly produced soy in feed by the end of 2025. All feed suppliers for our slaughter animals will have phased out the use of palm oil in feed by the end of 2023.
- **Germany:** We will cover soy consumption for German suppliers of slaughter animal through certificates by year-end 2022.



Activities in 2021/22

- Commitment made to the UK Soy Manifesto on responsible soy.



Future activities

- Danish Crown Fleisch membership of the Forum for More Sustainable Protein Feed.
- Develop action plan for procurement of responsibly produced soy for feed used by German suppliers of slaughter animals.
- Develop group-level approach to procurement of responsibly produced soy and a deforestation policy.



Transition to certified soy - our expectations



- Expected purchase of certified soy
- Expected annual coverage of soy consumption through credits

In 2021, 80 per cent of soy consumption was compensated by Danish Crown through RTRS credits or equivalent. The remaining 20 per cent was certified soy purchased by feed companies. The expected purchase of certified soy is shown by calendar year.

New commitments to deforestation-free soy

In December 2021, Danish Crown Fleisch, part of our business unit Danish Crown, made a commitment to cover our German soy consumption through credits by year-end 2022. The company will join the Forum for More Sustainable Protein Feed, a German multi-stakeholder organisation. Soy consumption in German pig production is covered through RTRS credits to ensure stepwise transition to deforestation-free soy going forward to 2030.

In January 2022, we also signed the UK Soy Manifesto, which is a collective industry commitment to work together to ensure that all physical shipments of soy to the UK are deforestation-free and conversion-free no later than 2025.

Phasing out palm oil in feed

Palm oil is the most widely used vegetable oil worldwide. Danish Crown is a member of the Danish Alliance for Responsible Palm Oil and has an action plan for responsible palm oil. Since October 2021, we have bought credits equal to the use of palm oil in our Danish meat production from the certification programme Roundtable on Responsible Palm Oil (RSPO). One RSPO credit is a guarantee that one tonne of certified palm oil has been produced in an environmentally and socially responsible manner.

Our Danish suppliers of feed for our slaughter animals are on track towards the 2022 milestone to replace 50 per cent of all palm oil derivatives in feed with more sustainable alternatives and to use RSPO-certified palm oil or derivatives for the other 50 per cent. Therefore, the end-target to phase out all palm oil in feed by year-end 2023 is within reach.



Sustainable food production

Resource use | Waste | Responsible sourcing

The Japanese dish Shogayaki, where 'shoga' means ginger and 'yaki' grilled or fried, is a popular and tasty dish from the Japanese cuisine. The dish can vary slightly depending on the particular cuisine and traditions. Here it is served with thinly sliced pork collar from Danish Crown, greens and rice on the side.

Danish Crown supplies meat worldwide, including to Japan and South Korea.





Resource efficiency and circularity in our food production

Efficient resource utilisation and circular solutions are vital in order to reduce greenhouse gas emissions and provide sufficient food for the world’s growing population. They are also an important part of our sustainability efforts to achieve carbon-neutral food production.

All production facilities continually work to optimise production processes and reduce energy consumption and greenhouse gas emissions. We are also

investigating new technologies for recycling and reusing treated process water in order to minimise water consumption. Furthermore, we always strive to ensure that the inedible parts of animals are used for other purposes. Minimising all types of waste not only provides great potential for reducing our climate impact, it can also cut production costs. We collaborate with our suppliers through responsible sourcing to drive sustainability standards further up the value chain.



Sustainable food production

Resource use

In this section you can read about:

- Scope 1 and 2
- Energy
- Transport
- Water and wastewater

Waste

In this section you can read about:

- Waste
- Food loss and food waste

Responsible sourcing

In this section you can read about:

- Supplier Code of Conduct
- Audits



We support targets 6.3 and 6.4 through our work on more efficient water utilisation, water recycling and wastewater treatment.



We support targets 12.2, 12.3 and 12.5 by working on sustainable management and efficient use of natural resources, including by minimising food waste and reducing waste generation.



We support target 13.2 by reducing greenhouse gas emissions related to our operations in scope 1 and 2 and our commitment to the Science Based Targets initiative.



Towards more renewable energy sources



Green power, electrification of processes and the substitution of natural gas with biogas are top priorities in our efforts to achieve our greenhouse gas emission reduction target.

All our production facilities continually work to optimise production processes and reduce energy consumption and greenhouse gas emissions to support our reduction target from production and logistics of 50 per cent per kg meat by 2030 relative to 2005. Our targets for the Science Based Targets initiative were approved in November 2022 and will replace this target going forward. In terms of environmental impact, our electricity consumption accounts for more than half of our scope 1 and 2 greenhouse gas emissions. Green electricity accounts for almost nine per cent of our

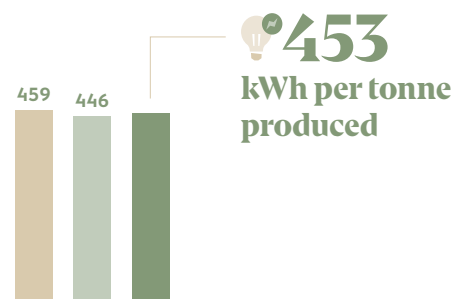
total electricity consumption and basing our entire electricity consumption on renewable energy is a top priority, whether from our own production or external procurement.

Phasing out natural gas

Natural gas accounts for approximately 30 per cent of our scope 1 and 2 greenhouse gas emissions, while continuing concerns about gas supplies to Europe from Russia have accelerated efforts to reduce our reliance on natural gas. These include further investigation into electrifying our

Energy consumption in kWh per tonne produced

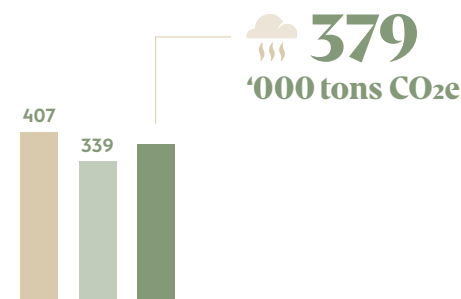
● 2019/20 ● 2020/21 ● 2021/22



In the past three years energy consumption per produced volume has been stable as both total energy consumption and our produced volume has increased slightly.

CO₂e emissions in tonnes (scope 1 and 2 market-based)

● 2019/20 ● 2020/21 ● 2021/22



In 2021/22 our scope 1 emissions decreased, and our scope 2 emissions increased. The increase in scope 2 emissions was primarily driven by an increase in electricity consumption, but also by higher emissions related to purchased electricity.

Reduce resource use

Ambition

- Supporting our target to reduce our greenhouse gas emissions from production by 50 per cent per kg of meat by 2030 and our vision to have climate neutral (net-zero) meat production by 2050.

Activities in 2021/22

- Engaging in pilot projects to test the potential for electrifying processes.
- Mapping of biomass and its biogas potential at our production facilities.
- Environmental certifications covering 60 per cent of our produced volume.

Future activities

- Exploring the options for playing a bigger role further downstream in the biomass value chain.
- Work to incorporate investment decisions, for example ensuring that we strike the right balance between reduction initiatives and compensating for greenhouse gas emissions.



fossil-based processes, for example by replacing gas boilers with heat pumps. However, we are heavily dependent on innovation, as most of our processes cannot be electrified on a large scale using current technologies. This is why we engage in pilot projects and test equipment, for example in the SuPrHeat project, see page 14.

We are also considering our options for substituting natural gas with biogas across processing facilities.

In view of the current energy supply situation, we have prepared contingency plans at most of our facilities in case access to natural gas becomes restricted. We are aware that switching to other fossil fuels may increase our greenhouse gas

emissions in the short term until we have transitioned our energy supply to renewable sources.

Making the right investments to ensure scope 1 and 2 emission reductions

Our commitment to reducing our scope 1 and 2 emissions requires significant investments. Rapid changes in the energy market over the past year have increased the cost of reaching our targets through levers such as sourcing certified green power and biogas or compensating for the greenhouse gas emissions we are unable to eliminate. Financing these levers might divert resources from important energy-reduction or green-energy investments, and we are carefully considering how to strike the right balance, including with respect to our previous decision to have three

carbon-neutral production facilities by the end of 2022. Considering the cost of compensating for greenhouse gas emissions in the current energy market, we are likely to either postpone or withdraw the decision to implement the three carbon-neutral facilities and instead use our resources to focus on reduction initiatives and supply security. Going forward, we will work to incorporate sustainability parameters into our investment decisions in order to strike the right balance between reduction initiatives and compensating for greenhouse gas emissions in our efforts to achieve our scope 1 and 2 emission targets. This could, for example, be by further integrating the future costs of carbon taxation in Denmark and the EU into our investment model.

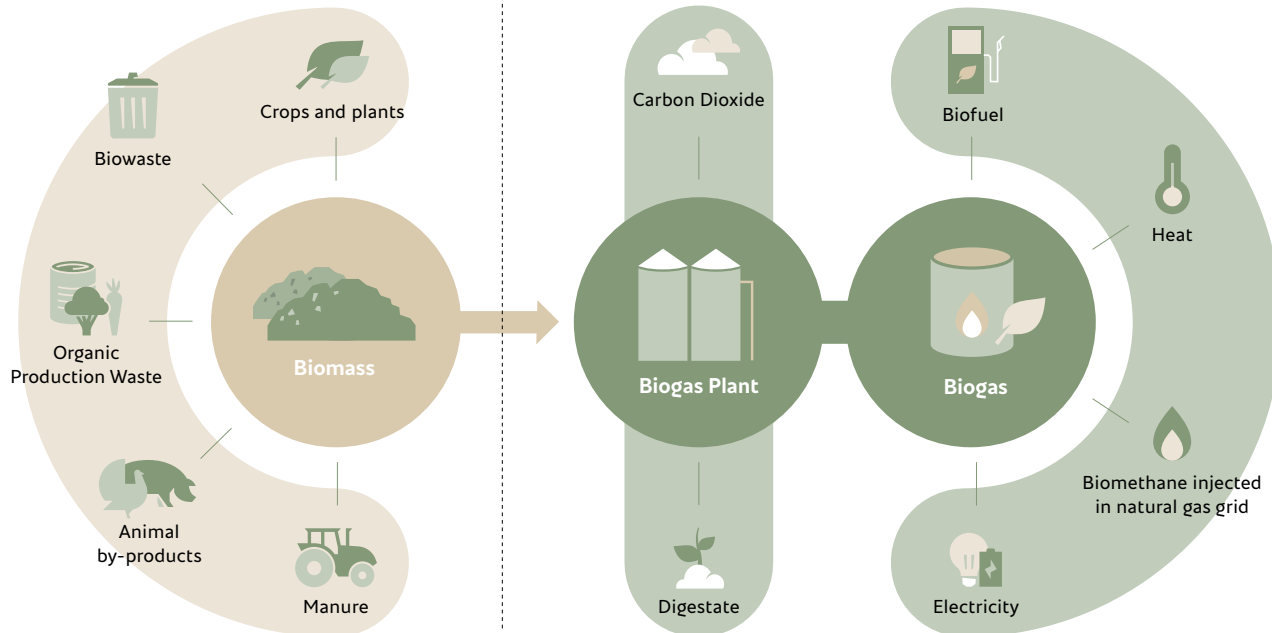
High demand for our biomass

Biogas is set to play a vital role in the global green transition. Moreover, the uncertainties and restrictions on Europe’s gas supply prompted by the war in Ukraine mean that biomass has become a highly valuable asset. Danish biogas producers are responding by rapidly expanding and consolidating the sector. Danish Crown generates large amounts of biomass from sludge, gastrointestinal contents, by-products not suitable for feed, etc. This biomass is currently sold to biogas producers, but we are looking into whether we should play a bigger role further downstream in the biomass value chain and thereby strengthen circularity in Danish Crown’s business model. To gain a solid basis for decision-making here, in 2021/22 we initiated a detailed mapping of potential input material for biomass at our production facilities, the gas potential of the biomass, existing contracts with buyers of our biomass as well as biogas producers located in close proximity to our facilities.

What is biogas and how is it made?

Input Materials for biomass

Output Of biogas production



German heat recovery project

In 2019, our German abattoir in Essen received a grant from the German government for a large-scale heat recovery project in which 1.5 MWh of waste heat from flame-off singers would be used for central heating and water heating. Flame-off singers are used to prepare pigs for further processing on the clean slaughtering line. The project allows us to recover waste heat from flame-off singers as well as waste heat from cooling systems. So far, the project has led to a saving of 4,300 MWh of energy a year, corresponding to 900 tonnes of CO₂e.



Intensified efforts to reduce the climate impact of our logistics

In 2020/21, we initiated a dialogue with our main logistics providers and began collecting supplier-specific greenhouse gas emission data to map the climate impact of our logistics and identify greenhouse gas emission hotspots. Logistics is the second-largest source of our scope 3 emissions after farms. Sea transport accounts for the largest share of logistics emissions, closely followed by road transport and warehouses, as many products in transit to customers consume



We have partnered with our logistics supplier to test three new electric refrigerated trailers in Denmark, where surplus kinetic energy operates the refrigeration for up to several hours.

electricity when stored in warehouses at low temperatures.

In 2021/22, we expanded the collection of supplier-specific data and are currently preparing a roadmap to reduce the climate impact of logistics in partnerships with our logistics providers.

Testing electrically refrigerated trailers

As we need more experience in electrically refrigerated trailers before we can implement this technology across the group, we have partnered with a logistics supplier to test three new electrically refrigerated trailers in Denmark. The trailers convert kinetic energy generated by the trailer axles into electricity, which is then stored in a battery that can operate the refrigeration unit for up to several hours. The truck pulling the electrically refrigerated trailer uses slightly more fuel compared to the trailer having its own diesel generator, but the overall truck/trailer fuel consumption is significantly reduced. Another benefit is that the new trailer makes less noise and is lighter than a diesel-powered trailer.



We work closely with our external carriers to optimise our transport chains.

Transitioning to fossil-free transport

In recent years, KLS, has transitioned to 100 per cent fossil-free transport. Today, all carriers for outbound transport from our Swedish production facilities use 100 per cent fossil-free fuels, such as biogas or electric vehicles. Reducing the climate impact of transport requires not only renewable fuels but also smart planning and transport loops, innovative technologies and solutions and, not least, collaboration at all levels of the transport chain. For example, together with an external carrier, KLS has identified optimal transport routes for using electric vehicles. The carrier now uses specially designed electric transportation that can also cool the trailer, making the vehicles completely climate-neutral.



Improved data collection will point to new water saving potential



Reducing water consumption and organic matter in wastewater from production and cleaning processes also reduces energy consumption to heat water and treat wastewater.

We constantly work to identify new ways to minimise water consumption and reduce the organic matter in wastewater from our production and cleaning processes, which will have a positive impact on our energy consumption. We are generally focused on improving our data collection and validation processes. For example, with regard to monitoring water consumption, we are looking into the continuous digital registration of water consumption in various production processes at each facility. This will pinpoint water-intensive processes and the potential for reduction.

Recycling process water

In 2020/21, we installed the first pilot water-recycling facility at our Danish pig abattoir in Horsens. Extensive testing has documented that filtration techniques, ozone flotation and UV technology can purify process water to a water quality fit for purpose. This means the water can be used in other parts of the production process. When fully functioning, we estimate water recycling can reduce the abattoir's total water consumption by up to 10 per cent. The facility was scheduled to commence operations in 2021/22, but unfortunately the start-up had to be postponed due to technical issues and a general shortage of components that we expect to resolve at the start of 2022/23.

Water consumption in m³ per tonne produced

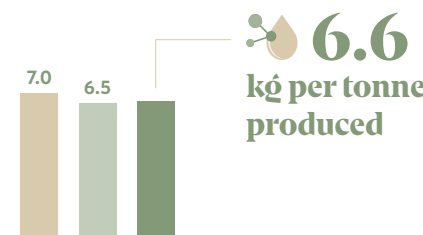
● 2019/20 ● 2020/21 ● 2021/22



Our water consumption (water withdrawal) per tonne produced has been stable over the last couple of years. We expect our water consumption to decline going forward as we work towards our 2030 reduction target by among others improving data and increasing employee awareness of good water management at our sites.

COD in wastewater in kg per tonne produced

● 2019/20 ● 2020/21 ● 2021/22



Over the past three years the amount of Chemical Oxygen Demand (COD) emitted has declined slightly to below seven kg per tonne produced in both 2020/21 and 2021/22.

Reduce resource use



Target

- We aim to reduce water consumption at our production facilities in Denmark, Poland, Sweden, Germany and the Netherlands by 40 per cent per tonne produced.
- We aim to reduce the amount of organic matter in wastewater from the production facilities by 30 per cent per tonne produced in 2030 relative to 2019/20.



Activities in 2021/22

- Chemical Oxygen Demand measurement and water production calculations aligned.



Future activities

- Continue efforts to identify the best ways to reduce our water consumption based on experience from pilot projects as well as data collection.
- Start operation of water-recycling facility at our abattoir in Horsens, Denmark.
- Develop water management programme.



Finding value in the waste from our production facilities



We are constantly looking for new ways to recycle waste and minimise, recycle and reuse our waste streams.

Innovative and circular solutions to reduce waste are high on the agenda at all our stakeholders. Working closely with suppliers and waste management providers, we are continuously looking for new ways to minimise, recycle and reuse our waste streams.

In 2021/22, all our Danish production facilities prepared local action plans to realise our reduction and recycling targets while taking national requirements and waste management systems into account. In October 2021, we signed an agreement with a new waste management company covering all our Danish production facilities. The agreement entails close collaboration to achieve our waste targets, including assistance for facilities to develop their local action plans.

We are also constantly looking for new opportunities to recycle waste. Advanced recycling technologies are developing fast, with new players entering the market. We strive to keep track of new solutions that fit our waste streams and to identify partners who can help us integrate new solutions at our production facilities while also continuously improving our existing solutions. In 2021/22, we increased circularity by not only sending wooden pallets from our Danish

production facilities for reuse, but also buying the repaired pallets back from the pallet supplier.



When possible we want to avoid waste, and waste that cannot be avoided should be recycled.

New solutions for recycling plastic

Managing our plastic waste poses a particular challenge. Plastic waste accounts for about two-thirds of the combustible waste from our Danish production facilities, and 90 per cent of this plastic waste is either mixed plastic types or plastic contaminated with meat juice and therefore unsuitable for recycling in current Danish systems. However, we are working to improve the sorting processes, and since October 2021 our Danish facilities have sent more than five tonnes of silicone label-backing paper for recycling through improved sorting practices instead of for incineration.

We are still looking for good and scalable solutions for other fractions. One example is the blue

Waste



Target

- We aim to reduce the volume of suitable combustible waste from our production facilities by 40 per cent relative to 2020/21 and recover 80 per cent of our waste by 2030.



Activities in 2021/22

- Local action plans to reduce and recycle waste at our Danish production facilities developed.
- New agreement with a waste management company covering our Danish production facilities entered into force in October 2021. The agreement includes close collaboration to achieve our waste targets.
- Recycling of silicone paper implemented at the majority of our Danish facilities.



Future activities

- Continue implementation of local action plans and investigations into new possibilities for reducing and recovering our waste streams.
- Increased knowledge sharing on waste initiatives across our business units and countries of operation.



Employee engagement has been instrumental in securing successful implementation of new recycling initiatives.

From waste to value

Our production facility in Haarlem in the Netherlands is highly focused on waste management practices and aims to reduce waste and increase recycling rates.

Previously, the facility had only two major waste streams from production – paper and the rest. Today, the facility has divided its waste into multiple waste streams, resulting in an increase in recovery rates. Several waste streams have also been implemented in the office areas, where waste islands have been introduced.

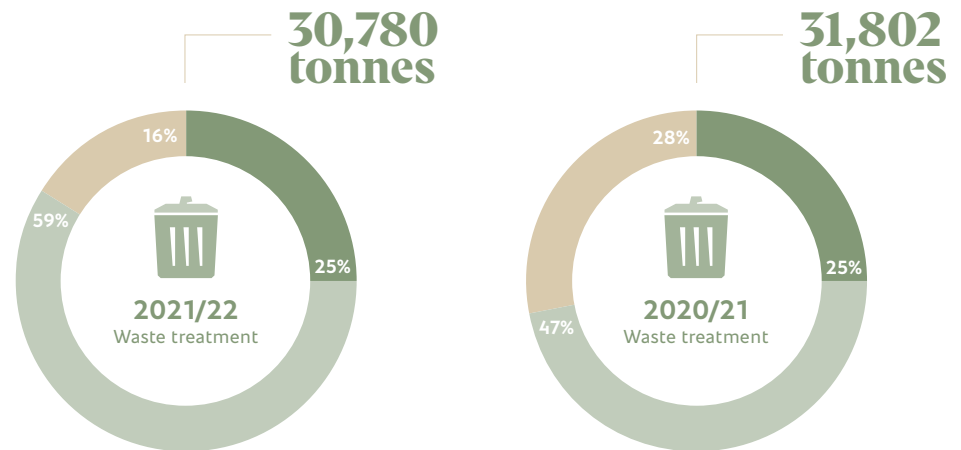
Furthermore, the facility has partnered with a new local waste management supplier specialising in waste recovery. The supplier has recycling facilities and waste incineration facilities with energy recovery near Haarlem, thereby reducing the transport time for the waste.

plastic bags used in production to cover and transport meat. Today, the bags are sent for incineration because of contamination through meat. We have partnered with a Danish waste management company to find a way to recycle the bags. One of the first facilities to get involved in the project was our production facility in Herring, Denmark, and going forward we will build on this experience. This requires that we find storage and transportation solutions for the contaminated plastics, which is a big challenge for this fraction due to smell and pests.

In 2020/21, we calculated our baseline to decrease the volume of waste suitable to incineration and increase the share of waste used for material recovery. In 2021/22, the volume of waste suitable to incineration increased because we now use real recycling rates. Previously, we included the full amount of waste sent to recovery as recovered, but now we take into consideration that it will often not be possible for recover 100 per cent of the waste. The increase was therefore expected and we still aim to meet our 2030 target.

Treatment of waste from our production facilities

● Waste sent to recovery ● Waste suitable to incineration ● Other



The share of waste sent to recovery was stable in 2021/22, even though we have started to use real recycling rates. This indicates that we have in fact managed to increase the share of waste sent to recycling compared to 2020/21, when we did not use real recycling rates.



Putting every part of the animal to use

Our aim is to put every part of the animal and our other raw materials to use at our production facilities. Hence, we try to ensure ensure that as much as possible of the edible parts of the animal are used for human consumption and that the inedible parts also create value, for example as feed or energy. In 2020, we joined the initiative Denmark against Food Waste.

to utilise as much as possible for edible products. If it is practically and economically viable to sell our by-products for human consumption, we ensure our production process is organised in such a way that parts of the animals are separated from the inedible parts and treated in a way that maintains product quality and food safety.

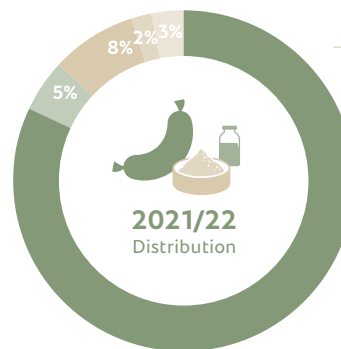
As much as possible for human consumption

We take good care of our raw materials and through innovation and market development try

In 2021/22, we analysed the effect of upgrading more parts of the animal for human consumption. The calculations are based on data and field studies at four of our abattoirs in Sweden, Poland,

Reduce food loss in Sæby

● Human food ● Pet food ● Rendering ● Pharma ● Biogas



82%
of the pig is used
for human food

An analysis from our abattoir in Sæby, Denmark, shows that 82 per cent of the pig is currently used for human consumption and that the other parts of the animal find valuable use as feed and energy, for example. Rendering results in biodiesel and fertilisers, etc.



No resources should go to waste. That is why we strive to utilise all parts of the animal.

Waste

Ambition

- **Food loss and food waste at production level:** We aim to put every part of the animal and our other raw materials to good use at our production facilities.
- **Food waste at consumer level:** We aim to reduce food waste in collaboration with customers and consumer organisations.

Activities in 2021/22

- Food loss data has been captured across selected facilities.
- Too Good To Go labelling implemented on selected products in the Danish market.
- Best before and often good after labelling implemented on all new packaging for relevant products in Denmark, taking into consideration any potential health risks.

Future activities

- Continue our efforts to optimise our processes to ensure we put every part of the animal and our other raw materials to good use.



Germany and Denmark, respectively. The calculations show that reducing food loss could make an important contribution towards our climate targets. For example, the analysis from our abattoir in Sæby, Denmark, shows that increasing the share of the pig that goes to human consumption from 82 per cent to 89 per cent would lower the CO₂e impact per kg of meat by around eight per cent.

In addition, the combined calculations from all four abattoirs covered by the analysis show that the share of the pig used for human consumption varies across our facilities. This is due to differences in export options, legislative requirements, economic viability and other factors. Further analyses are needed to solve this and pinpoint where we can make a difference.

Making the most of the inedible parts

The inedible parts of the animal also have value, and we ensure they form part of a circular bio-system in which they are used for a number of other purposes when possible. Our processes for by-products have been built on the waste hierarchy and the bio-based value pyramid, meaning that feed is our first priority for animal parts that cannot be used for human consumption or medicine. If feed is not economically and practically viable, then we sell our by-products to be used in

green energy production, which also creates value, especially in light of the current situation in the energy markets. To ensure that we comply with the bio-based value pyramid, our production processes and sorting practices are structured so as not to downgrade any by-products by for example mixing products that could be used for feed with products not suitable for this purpose. We only accept animal parts becoming actual waste if we have exhausted all other viable options. In 2021, we committed to the “Code of Conduct on the Use of By-products” prepared by the Danish Agriculture & Food Council and Biogas Denmark.

Reducing food waste at consumer level

In 2021/22, we undertook several initiatives to help reduce food waste. The Too Good to Go label: Look, Smell, Taste, Don't Waste was introduced on two of our Mou soups, and the label will be added to other selected products in 2022/23. We have also started to add Best before and often good after labelling to all relevant new packaging in the Danish market, taking any potential health risks into consideration. Furthermore, we introduced duo chamber packaging for cold cuts that prolong the shelf life. The solution has been implemented under our brand Danish Crown Professional, which is primarily sold in the Danish market.

Selected Sokół stores in Poland also work with Too Good To Go to prevent food waste. Polish consumers can buy products approaching end of shelf life at attractive prices through the Too Good To Go application. Since the launch in October 2021, more than six tonnes of food have been saved.



Reducing food waste

Selected stores in Poland work with Too Good To Go to reduce food waste.



We take responsibility for our supply chain

We strongly prefer working with suppliers who support our sustainability goals. Responsible sourcing affects many areas of our business and on this page we focus on our non-meat suppliers. For more information on how we address sustainability with suppliers of slaughter animals, see page 28 in the governance section of our Supplier Code of Practice, our whistleblower scheme on page 17, as well as the section on sustainable farming, starting on page 26.

Requirements for non-meat suppliers

Our Supplier Code of Conduct and our Supplier Framework Agreements define our requirements for suppliers. The Supplier Code of Conduct is based on relevant legislation and recognised international standards for the environment, anti-corruption, animal welfare, food safety as well as human and labour rights. The code therefore reflects standards such as the UN Global Compact

and the UN Guiding Principles on Business and Human Rights. See page 55 for more information on human and labour rights.

Status on Supplier Code of Conduct

In 2021/22, we continued to roll out our Supplier Code of Conduct and Framework Agreements across our supplier base. By year-end 2021/22, we had achieved acceptance for our Supplier Code of Conduct for 74 per cent of our spend on non-meat products.

Focus has previously been on increasing the level of supplier acceptance for three of our largest categories: food and ingredients, logistics, and packaging, as these three are all integral to our products or our supply chain.

By year-end 2021/22, we had increased the level of acceptance of our Supplier Code of Conduct

among packaging and logistics suppliers compared to year-end 2020/21. In contrast, the food and ingredients category experienced a decrease because we were renewing contracts in this spend area.

Levers to support the Supplier

Code of Conduct journey

The journey towards digitalising our procure-to-pay process is still ongoing. This is a strong lever for improving our Supplier Code of Conduct coverage. For example, we can see a positive effect on Supplier Code of Conduct acceptance levels now that all new suppliers have to confirm they will commit to either the Danish Crown Code of Conduct or an equivalent code as part of the supplier qualification process. Furthermore, all suppliers delivering food-safety-critical products must conduct a self-assessment questionnaire every three years that requires they state their commitment to the Danish Crown Supplier Code of Conduct. The questionnaire currently covers food and ingredients suppliers as well as packaging suppliers. In autumn 2022, we plan to expand the scope to also cover logistics suppliers.

Supplier audits

We conduct a supplier risk evaluation every year. This is an overall risk assessment and it is our leading indicator for selecting suppliers to audit in the following calendar year. Currently, our risk assessment and supplier audits focus on risks



Supplier Code of Conduct acceptance rates

- Packaging **90%**
- Logistics **83%**
- Food and ingredients **79%**
- Facility services **70%**
- Machinery maintenance, repairs and operations **63%**
- Business services **34%**
- Grand total **74%**

Excluding Sokolów and DAT-Schaub. The acceptance rates indicate the percentage of our spend for which suppliers have accepted our Supplier Code of Conduct. The spend is extracted in week 39, 2022 and covers the previous 12 months.

related to food safety. For more information on our work on food safety, see page 67. We had expected to initiate a social audit programme in 2021/22, but this has been delayed. Nevertheless, it remains a strategic priority and we will continue this work in 2022/23. The next steps will be to align the scope and select an external partner to support the social audit programme.

Responsible sourcing



Ambition

- We want to integrate environmental, social and ethical considerations into our cooperation with suppliers.



Activities in 2021/22

- Supplier Code of Conduct for non-meat products accepted by suppliers covering 74 per cent of our spend.
- Risk assessment for non-meat suppliers completed, and follow-up audits for selected suppliers initiated.



Future activities

- Develop social audit programme for our non-meat suppliers.
- Expand our supplier self-assessment questionnaire for non-meat suppliers to cover logistics suppliers.



Good jobs for everyone

Safety first | Social responsibility | Ethical standards

Flavio has been with us for 17 years. He works at our factory in Bugle, UK. After only a few years with the company, he assumed his first leadership role in charge of a small team. Today, Flavio has been promoted to a key operator level and is responsible for a larger team of employees. Across our company, we systematically work to build competencies. Training and development are important at all levels of the organisation.





Equal opportunities and good jobs for everyone

Our employees are our most valuable asset, and our top priority is to ensure good jobs and a healthy working environment in which people thrive. We are focused on retaining current employees and attracting new staff for our offices and production facilities. We offer jobs to people with different backgrounds and we continuously strive to promote social integration, apprenticeships, skills development and equality.

We acknowledge that working in our industry can be physically demanding, particularly at the production facilities, so we have considerable focus on preventing accidents and work-related illnesses. To minimise the risk of negative impacts on human and labour rights in our production and value chain, we are in the process of strengthening our due diligence processes and we use recognised tools to continuously assess our risk management.



Good jobs for everyone

Safety first

In this section you can read about:

- Health and safety
- Noise
- Musculoskeletal disorders

Social responsibility

In this section you can read about:

- Job creation and social integration
- Retention
- Diversity

Ethical standards

In this section you can read about:

- Human and labour rights
- Anti-corruption
- Sedex and EcoVadis assessment



We support target 4.4 by offering young people and adults the chance to acquire work skills.



We support target 5.5 by working to ensure equal leadership opportunities for women at all levels of the organisation.



We support targets 8.5, 8.6 and 8.8 by creating jobs and working to provide a safe work environment and to protect labour rights.



We support target 16.5 by working to eliminate corruption and bribery in all its forms.



Strong health and safety culture focused on prevention



We want to promote a safe and healthy workplace where prevention and proactivity are at the forefront.

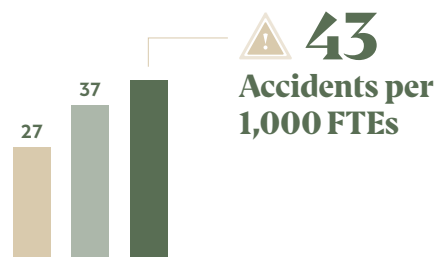
A healthy and safe workplace is essential for us to attract and retain employees. Safety first is a common denominator for the culture we want to uphold, and we base our approach on the idea that all accidents can be prevented by well-planned preventive efforts.

Proactive approach to accident prevention
We work continuously to optimise our health and safety processes, implement our management systems as well as to develop targeted local

programmes. A key focus in 2021/22 was to register accidents and near misses systematically across our Danish facilities, and we continue the rollout of registration in Sweden. Analysing data and using the results to increase awareness and corrective actions in collaboration with management and production employees is an important aspect of accident prevention. It also aligns with the proactive approach to accident prevention in the Danish Vision Zero initiative we committed to last year. Under this initiative, Danish Crown

Accidents per 1,000 FTEs

● 2019/20 ● 2020/21 ● 2021/22



In 2021/22 the number of accidents per 1,000 FTEs increased despite all our efforts. The increase can be explained by, among other things, a higher employee turnover rate. To reduce accidents going forward, we will focus our efforts on the sites with the highest accident rates and share best practice for both systematic registration and prevention. See page 78 for more details.

Average days of absence per accident

● 2019/20 ● 2020/21 ● 2021/22



In 2021/22 absence due to lost-time accidents remained stable despite our efforts to reduce the number and severity of accidents. Going forward we will focus our efforts on the sites with the highest level of absence due to lost time accidents and share best practice for both systematic registration and prevention.

Safety first

Target

- We aim to reduce the annual frequency of lost-time accidents to 20 per 1,000 FTEs at our European production facilities by 2025. Facilities which reach the goal ahead of schedule must achieve another 20 per cent reduction by 2025.
- We aim to reduce physical strain for the 10 per cent most demanding production jobs with respect to MSD by 2025.
- We aim to limit the maximum daily noise exposure for all our production employees to 82 dB(A) by 2030.

Activities in 2021/22

- Implemented systematic registration of near misses at all Danish production facilities.
- Mapping of the most demanding jobs in terms of musculoskeletal disorders (MSD) at our Danish production facilities initiated.
- Pilot test of exoskeletons at our facility in Ringsted, Denmark.
- Noise exposure baseline established for all Danish production facilities.
- Certified management system for health and safety at all Polish production facilities.

Future activities

- Continue strengthening our systematic registration and work within health and safety across the Danish Crown group.
- Complete mapping and develop local action plans to reduce MSD at Danish production facilities.
- Share learnings across production facilities and continue investments in automation to reduce physical strain on employees. Increased automation is part of our corporate strategy.
- Analyse noise exposure baseline and develop action plans.



has pledged to promote core values of safety, health and well-being, and to work on processes to prevent accidents, diseases and injuries at work. Several members of top management are undertaking a course on strategic health and safety management. Unfortunately, we had one work-related fatality in 2021/22. It involved an employee, who was in a car accidents while on duty.

Other important measures to prevent accidents include clear work instructions, detailed production planning as well as automation, high-tech ancillary equipment and maintenance of machinery.



ISO 45.001 certificates for Sokołów

In June 2022, all eight production facilities at Sokołów were certified to the ISO 45.001 standard for occupational health and safety management systems. All facilities have been working intensively since March 2022 to review and update existing procedures and documentation. Another crucial task has been to train selected employees in day-to-day on-site compliance.

Noise exposure baselines

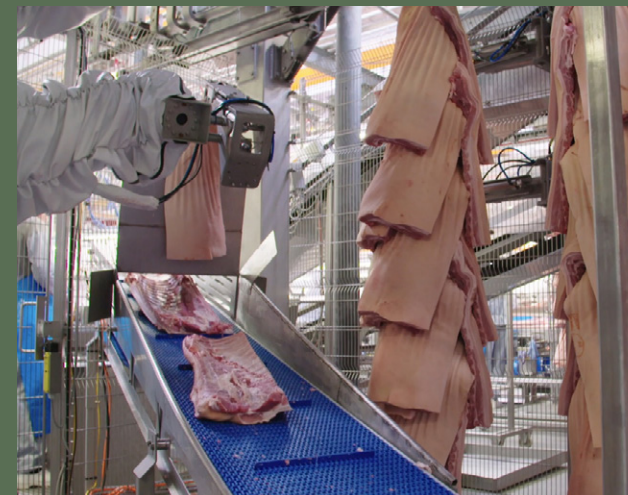
Reducing noise and preventing hearing damage in accordance with our target to limit daily noise exposure for production employees is an ongoing task. In 2021/22, we established baselines for noise exposure at individual production facilities in Denmark. The baselines will provide further insight to help us prepare local action plans for achieving our target of a maximum daily noise exposure of 82dB(A) by 2030.

Automation and exoskeletons help reduce MSD

Repetitive work and heavy lifting entail a high risk of accidents and long-term effects. At our Danish abattoirs alone, 75 per cent of all work-related illness is due to musculoskeletal disorders (MSD). That is why we invest in automation to reduce the workload and the physical strain on our employees. In 2021/22, we continued to test new robots and explore their potential in various workflows at our Danish pig abattoirs. However, butchery is also a craft, and not all workflows can be automated. Deboning, for example, is an intricate task that cannot currently be done with the same quality by robots.

Spring-based exoskeletons are devices that can imitate certain human movements and thereby reduce the physical burden of repeated lifting. In 2020/21, these were tested at our Danish abattoir in Ringsted and by researchers from the occupational medicine clinic in Herning, Denmark. Final results are expected to be published late 2022.

As part of our commitment to reduce MSD, we have also conducted risk assessments and started to collect baseline data for our Danish facilities to map the top 10 per cent in terms of most demanding production jobs. This work will help us design further initiatives to reduce the potential for MSD at our production facilities.



We invest in automation to reduce the workload and the physical strain on our employees.

New robot uses machine learning to relieve abattoir employees

In collaboration with several technology manufacturers, Danish Crown has developed a new robot that uses machine learning to relieve abattoir employees of one of their heaviest and most stressful tasks.

The robot takes down large 7-12 kg cuts of meat from a so-called Christmas tree, a metal rack used at abattoirs. The robot replaces several steps in the production line and reduces the lifting burden for employees. The robot is equipped with a newly developed algorithm based on machine learning. This algorithm is constantly learning, enabling the robot to recognise different cuts of meat and how to handle them.

Work to gradually train the algorithm has been a large part of the project, and the development process has taken four years. At present, the robots are running as a pilot project at the Danish pig abattoir in Blans and in future, robots will be installed at relevant pig abattoirs.



Providing attractive jobs with equal opportunities for all



Creating equal opportunities for all is important to us, and we make an effort to integrate vulnerable groups such as refugees, war veterans and long-term unemployed into our workforce.

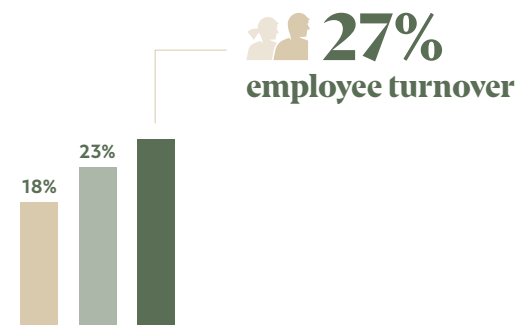
Danish Crown offers jobs to people with different backgrounds, and as a group we employ 26,641 people. Through our provision of jobs and strong focus on social integration, apprenticeships and skills development, we seek to create value for the individual, for Danish Crown and for society in general. This ambition is supported by the ongoing development of our People Strategy.

However, volatile market conditions and a decrease in the number of slaughter pigs at our production facilities this year meant we unfortunately had to let 146 employees go at two of our Danish abattoirs. We will actively help the affected employees to move on to new positions, including by cooperating closely with relevant unions and the local municipality. Furthermore, job banks have been set up at the affected sites to assist in arranging potential employment at other facilities. To minimise the number of layoffs and accommodate the decrease in production activities, we have intensified our educational activities as much as possible. Our ability to attract and retain employees is crucial, but the current EU labour market and its labour shortages present a challenge. Employee turnover has been increasing over the past two years, and in 2022 we began to analyse our data for the purpose of establishing a new and more realistic target, as our previous reduction target had not been reached.

We are in the process of improving our master data setup for HR data, and this will provide more frequent updates on group-level turnover, enabling better decision-making. This will supplement the bi-annual employee engagement survey that we use to help steer our retention efforts. Employee satisfaction increased this year, and we use the insights gained to strengthen our ongoing work to ensure an engaging, inclusive, safe and secure working environment in which people thrive and develop. Read more about HR in our Annual report 2021/22.

Employee turnover

● 2019/20 ● 2020/21 ● 2021/22



Our total employee turnover including holiday relief has been increasing for the last two years.

Social responsibility



Target

- We want to increase the global intake of apprentices in production and technical divisions by 20 per cent in 2025 relative to 2018.



Activities in 2021/22

- Initiative to upgrade the skills of hourly-paid workers in Denmark expanded.
- Educational programmes for employees in charge of apprentices at abattoirs in Denmark initiated.
- Efforts to increase the intake of apprentices in the production and technical division continued.



Future activities

- Further analysis of employee turnover data with the purpose of establishing a new target.
- Further expansion of initiatives to upgrade hourly paid employees in Denmark.
- Improvement of our HR master data setup.



You just want to be an ordinary employee, and that is how we feel here

— Jesper and Chris, former war veterans

From war veteran to employment

In collaboration with relevant stakeholders, we engage war veterans in well-planned integration processes that include an agreement on permanent employment at a Danish production facility. Through this initiative, Jesper is employed in the office and Chris works in the abattoir's technical warehouse at our facility in Horsens. Jesper started working for us just six hours a week in the summer of 2021, but today he works full-time and has signed up for a two-year office training programme.

Across our Danish facilities, we had several war veterans on the payroll in September 2022, and as part of the initiative, Danish Crown also trains mentors to support inclusion. In 2021/22, several mentors were trained at our production facilities in Horsens and Ringsted. The last training was conducted in April 2022 in Blans.

Attracting young people to our industry

We are responsible for attracting young people to a career in the food industry. In 2021/22, we launched a new Danish butcher training programme that has health and safety, sustainability and injury prevention included in the curriculum. We also continued our partnerships with the Danish Meat Trade College, the Danish Agriculture & Food Council and Danish state schools to stimulate interest among young people.

Attracting apprentices is a challenge, but we managed to increase our global intake in 2021/22. Out of 304 apprentices, about half are based in Denmark and Poland. Women make up 28 per cent of our apprentices. However, in Denmark, which is the country with the most apprentices, we experienced a decrease in the intake due to the current situation in the Danish labour market. Nevertheless, we are on track to meet our target of increasing the global intake of apprentices in production and technical divisions by 20 per cent in 2025 relative to 2018.

We will continue our efforts and build on input from our corps of ambassadors for apprentices, which was introduced last year to initiate improvements and receive feedback on new initiatives.

Upskilling our employees

In 2021/22, we focused on training of those employees in Denmark who are responsible for the teaching and development of trainees across

facilities. Training includes instruction in our Feeding the Future strategy and the sustainability strategy. The employees will then incorporate these learnings into the learning objectives of all trainees.

Our ambition is to build competences for hourly-paid employees going forward to 2025. To support this ambition, we are mapping the competences of 3,600 Danish-speaking, hourly paid employees and we will provide training for 1,600 of these employees. Training includes courses for people with dyslexia and basic upskilling courses in Danish, maths and IT as well as more advanced upskilling.

In the clarification process, we seek to understand employees' current competence levels, development preferences and readiness through individual interviews and workshops with education institutes. A total of 405 employees in 2020/21 and an additional 502 employees in 2021/22 have completed the process. Of those engaged in 2021/22, 37 employees have attended a 10-week basic upskilling course, while 23 attended a 10-week course on dyslexia. Furthermore, we have introduced and launched a new education called Industrial Operator with 12 enrolled and highly motivated employees. The education has been introduced to meet current and future competency requirements and was developed in close collaboration with educational institutions and production directors in Denmark.



To us, diversity is a competitive advantage



Employees with different backgrounds bring a diverse perspective and different experiences, forming the best foundation for creating a sustainable future for food.

We want to mirror the diversity of our customers and consumers, thus enabling us to understand and embrace their values and follow market trends. This means that we work actively to retain and promote a culture that embraces diversity and inclusion.

We have a strong focus on improving our gender distribution, particularly in the upper layers of management as well as on nationality diversity. We recognise that diversity means more than gender identification and nationality and also includes aspects like age, ethnicity, culture, religion, physical ability, education and skills. As stated in our Diversity and Inclusion Policy, we do not tolerate discrimination and we expect our employees to treat others with dignity, fairness, respect and honesty. Employees and external stakeholders are encouraged to report any violations of our policy to either management or through our whistleblower scheme, see page 17.

Women in management

Danish Crown has defined targets for diversity at various management levels. To further accelerate the agenda, we signed the Confederation of Danish Industry's Gender Diversity Pledge last year and have updated our Diversity and Inclusion Policy, including new targets, accordingly. We also aim to improve data collection to better identify

how and where to focus our efforts. In 2022, we also launched a new development programme for our future top leaders, with a diverse range of participants in terms of gender and nationality, see more on page 14. For more targets, data and details on gender diversity in management, see our Annual report 2021/22.



We have a strong focus on better gender distribution, particularly in the upper layers of management as well as on nationality diversity.

From graduate to future leader

In Danish Crown's international graduate programme, we aim for a split of 40/60 male/female and 50/50 Danes/international profiles. In 2021/22, the split was 41 per cent male to 59 per cent female and thereof 53 per cent Danes and 47 per cent from abroad. We enrol new, high-level graduates through the two-year programme and build on their academic competences to further develop their skills and strengthen our future leadership pipeline.

Social responsibility



Target

- We aim to increase the percentage of women in senior leadership positions to 35 per cent by 2030.



Activities in 2021/22

- Diversity and Inclusion Policy updated.
- New diversity targets set to align with Gender Diversity Pledge.



Future activities

- Focus on inclusion and inclusive leadership.
- Further updating the Diversity Strategy and Policy.



Focus on human rights and labour rights throughout the value chain



We are implementing due diligence processes to minimise the risk of negative impacts on human and labour rights.

We are committed to respecting human and labour rights. We have therefore incorporated the UN Guiding Principles on Business and Human Rights into our Code of Conduct, Corporate Social Responsibility Policy, Supplier Code of Conduct and Code of Practice for Suppliers of Sows and Pigs. Thus, we address both human and labour rights in our own operations and work to ensure that we only engage with suppliers that are committed to the same or a similar approach. Through our farm-level sustainability programme, the Climate Track, see page 28, we also focus on workplace assessments and employment conditions at the farms of our slaughter animal suppliers.

In our policies and codes, we encourage internal and external stakeholders to report any perceived non-compliance with legislation or our policies via our whistleblower scheme, see page 17 and in our Annual report 2021/22.

Our due diligence processes include the use of the Sedex data platform and tools to identify current and potential negative impacts on specific human and labour rights in our own production. We conduct self-assessments at facility level every second year. Additionally, we have committed to the EcoVadis assessment that also covers human and labour rights and sustainable

procurement aspects. For more information about these assessments, see page 58.



Human and labour rights are important focus areas of our CSR Policy.

Human rights performance benchmarks

As a global food company, we are often included in both national and international benchmarks. We welcome these benchmarks, as they provide valuable insight into stakeholder expectations and potential areas for improvement. In 2021/22, we were included for the first time in the Global Child Forum's benchmark to assess companies' impacts on children's rights. This year, focus was on 310 global companies in the Food, Beverage and Personal Care sector. Danish Crown obtained the second highest ranking as an achiever.

This year, Danish Crown was again included in the analysis of 30 major Danish companies' compliance with the UN Guiding Principles on Business and Human Rights, and once again we shared a 10th place. The analysis was conducted by the Danish Institute for Human Rights.

Ethical standards

Ambition

- We respect international conventions on human and labour rights, and we strive to mitigate any negative impacts on human and labour rights in our production and our value chain.

Activities in 2021/22

- Human and labour rights risks assessed as part of our Sedex self-assessment.
- EcoVadis rating conducted and awarded a silver medal for our work within environment, human and labour rights, business ethics and sustainable procurement.

Future activities

- Investigate further compliance-programme possibilities.
- Continue support for compliance with human and labour rights through our activities within job creation, health and safety, diversity and inclusion, as well as through responsible sourcing.



The methodology was updated in 2021 and hence the results are not directly comparable with previous years.

Minimising the use of sub-contract workers

Using third-party contract staff could potentially constitute a risk of infringement of human and labour rights, and we manage this through audits and by phasing out contract staff. In 2020/21, we phased out the use of subcontract staff in Germany and have since hired many of our former contract staff as employees at our facilities in Germany. Today, we only use sub-contract staff in Sweden, the Netherlands and Poland if deemed necessary during peak seasons.

In line with our obligations in the UK, we report annually on our efforts to limit the risk of modern slavery in our value chain, covering deprivation of civil liberties, human trafficking, forced marriage and child labour. Our Statement on the UK Modern Slavery Act is available on our website.



Production workers

The slaughter line in Horsens, Denmark.



Zero-tolerance on corruption and bribery



Corruption is a major obstacle to economic and social development around the world, and as a multinational company we are obliged to help combat corruption and bribery.

It is crucial for our licence to operate that we run our business ethically and honestly and that we have adequate measures in place to mitigate the risk of corruption and bribery in our value chain. Our Anti-Corruption Compliance Policy and guidelines covering gifts and facilitation

payments apply to all managers, employees and in all jurisdictions in which we do business, even if local legislation is less stringent. We encourage our employees and external partners to notify us if they suspect any non-compliance with our rules, for example via our whistleblower scheme, see page 17.

We screen customers against international sanctions lists. In contracts with third parties, we include provisions on anti-corruption and bribery, and we require compliance with our Supplier Code of Conduct.

Culture of compliance

Our six-step anti-corruption compliance programme follows the UK Bribery Act and other relevant legislation in countries where we do business.

Our Group Legal department continuously works to develop the programme and strengthen our compliance culture. In 2021/22, we developed an e-learning course on anti-corruption, aimed at full-time employees in all functions and regions. Furthermore, our ambition is to provide targeted learning which we assess to be at particular risk of exposure to corruption and bribery. We have also updated our anti-corruption risk assessment process to identify and examine activities and factors that could contribute to bribery risk at Danish Crown. The new process includes structured anti-bribery risk interviews with business unit leaders and key employees.

Due diligence of third parties is an important part of our compliance programme. We initiated a new due diligence process involving our Group Procurement, and we improved our anti-corruption screening and due diligence process regarding our business partners.

Finally, we have developed a disclosure management system to support compliance reporting related to conflicts of interest, gifts, hospitality, travel and facilitation payments.



Six principles to combat corruption

- 1. Top level commitment:** Ensure dedication, focus and compliance with anti-corruption rules by providing a regular status update on the compliance programme and that the results of internal controls provide transparency to top management.
- 2. Risk assessments:** Ensure that we train our employees on the basis of the level of inherent risk of corruption.
- 3. Proportionate procedures:** Ensure global, uniform and high anti-corruption standards for how we do business, irrespective of jurisdiction.
- 4. Communication:** Ensure that all relevant employees are highly aware of our rules and able to comply with these.
- 5. Due diligence:** Ensure awareness of the risk of corruption that third parties may constitute and protect us against infringement of rules in our supply chain.
- 6. Monitoring & review:** Ensure a robust compliance programme and compliance with procedures by monitoring and reviewing internal and external procedures and programmes.

Ethical standards



Ambition

- We want to fight corruption, bribery and other forms of non-ethical business practices and to continuously improve and develop our processes to do so.



Activities in 2021/22

- High-level anti-bribery risk assessment of main business areas.
- Implementation of new disclosure management system.
- Improved due diligence and screening of business partners.
- Introducing new Danish Crown Standard on conflicts of interest.



Future activities

- Update of Anti-Corruption Compliance Policy and standards.
- Continue to develop our anti-corruption compliance programme and strengthen our compliance culture.

Improved management of sustainability risks

Our due diligence processes help us to minimise the risk of negative sustainability impacts from our production and in our value chain. We are a member of the ethical trade organisation Sedex, and we use their digital platform and tools to assess our performance within labour, health and safety, environment and business ethics. Sedex is also used by several of our customers and suppliers, and through the platform we can share information, give our customers access to our results, and likewise access our suppliers' risk assessments. This creates transparency in our value chain.

Our management systems are instrumental in reducing and managing the risks our business might face. With the Sedex self-assessment tool, we can assess current risk levels in our production and the robustness of our systems. We conduct the assessments at facility level every other year to evaluate the impact of previous corrective actions and new initiatives. This helps us understand the risks at our production facilities and provides us with an overview of daily practices

and improvement potential. It also tracks progress over time. From February to April 2022, we conducted our third assessment, engaging 50 abattoirs and processing facilities, which cover 88 per cent of our total number of abattoirs and processing facilities. In addition, casing facilities in 12 counties were included. This resulted in 62 assessments, an increase of 11 per cent compared with the previous assessment.

Since our last assessment in 2020, we have had a strong focus on risk management, and this is reflected in this year's results. The results are not directly comparable for several reasons. Firstly, we have changed our approach to evaluating the results. Secondly, the number of production facilities differs, as more production facilities have been incorporated, which we see as a sign of progress in our management control performance.



Production facility

The production facility in Thorning, Denmark, where Danish Crown produces large volumes of pepperoni.





Assessing environmental, social and ethical performance in the supply chain is essential for us.

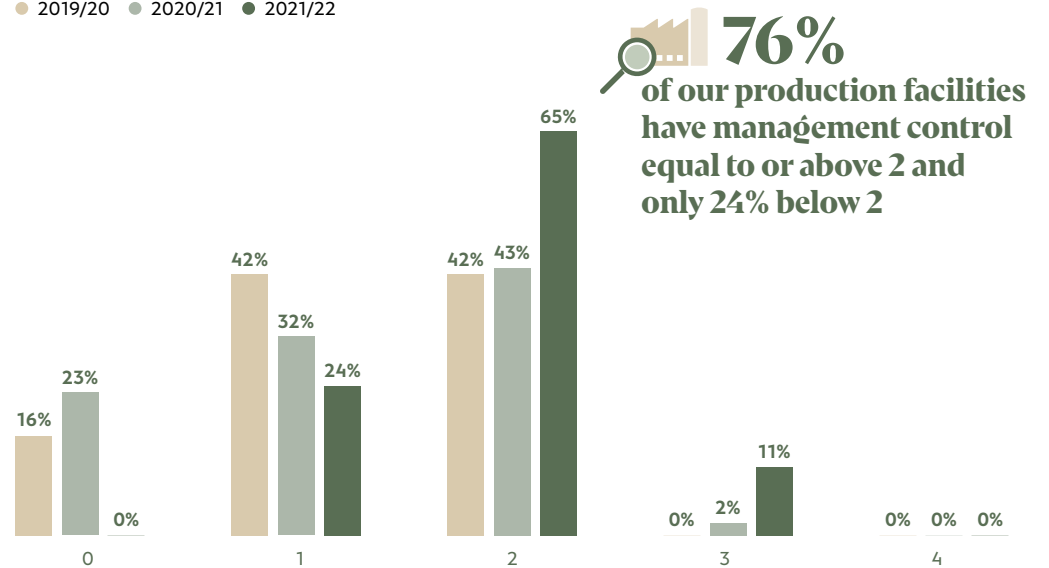
Silver medal for our sustainability performance

In February 2022, Danish Crown received its first rating from EcoVadis: A silver medal with an overall score of 57/100. This score puts Danish Crown in the upper quartile compared to other companies assessed by EcoVadis. EcoVadis' sustainability analysts assess and rate companies on material issues within the areas of environment, human and labour rights, sustainable procurement and business ethics.

EcoVadis conducted the assessment based on a questionnaire and supplementary documentation. The outcome of the assessment is a scorecard illustrating our strengths and improvement potentials in different areas. Our customers can find Danish Crown's scorecard on the EcoVadis platform.

Management control performance development

● 2019/20 ● 2020/21 ● 2021/22



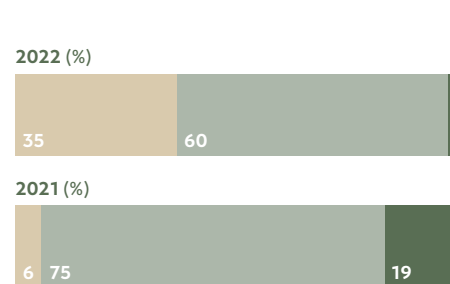
76% of our production facilities have management control equal to or above 2 and only 24% below 2

The management control score indicates the robustness of our management systems to handle identified risks. This includes policies, resources, processes,

monitoring and training. The higher the score, the stronger the management control.

Risk level distribution

● Low risk ● Medium risk ● High risk



In 2022, the risk level of our production facilities improved compared to 2021, as there is a higher percentage of facilities at lower risk levels

The risk level score covers risks related to human rights and labour rights, health and safety, environment and business ethics.

Sedex focuses on demonstrating how we handle risks through our management systems.



Together with customers and consumers

Consumers and products | Life cycle assessment | Meeting customer demands

Spaghetti bolognese can be made with minced beef or with vegetables. At Danish Crown, we have just begun our journey of looking into new sources of protein, including plant-based alternatives. We aim to meet consumers' and our customers' demands, and provide food options with sustainability value propositions that include plant-based and high-quality meat with the focus on animal welfare.





Co-creating new food concepts with our customers

Danish Crown products contribute to around 49 billion meals each year and we see sustainable food as a growing trend that will increase in both value and volume across markets. This is an opportunity for us to become even more relevant for our customers and for consumers by offering safe, sustainable, healthy and nutritious products with informative labels. We are therefore developing food concepts together with customers from retail, foodservices and the food industry. The concepts include high-quality and safe meat products with different sustainability value

propositions as well as a broad product range of plant-based protein products.

The rise in consumer attention to sustainability is also reflected in our marketing activities. Communicating precisely and transparently about our sustainability performance is critical to ensure stakeholder trust in our brands and products, and we are strongly focused on documenting our sustainability claims and statements.



Together with customers and consumers

Consumers and products

In this section you can read about:

- Sustainability value propositions
- Consumer and customer insights

Life cycle assessment

In this section you can read about:

- Life cycle assessment
- Calculation methodology
- Improvement of model and data

Meeting customer demands

In this section you can read about:

- Packaging
- Food safety
- Recalls



We support target 2.1 by supplying safe and nourishing food all over the world.



We support targets 12.1 and 12.2 by encouraging sustainable consumption, sustainable management and efficient use of natural resources.



We support target 17.H by encouraging sustainable consumption and production patterns and by participating in effective partnerships.



Supporting consumers in making sustainable food choices

Danish Crown is committed to moving food consumption and the market in a more sustainable direction through close collaboration with our customers and consumers. Our efforts include monitoring expectations as well as the challenges our consumers face when making sustainable food choices. Together with our customers, we respond to those insights by developing and co-creating new concepts, such as high-quality

meat with the focus on animal welfare and plant-based protein products.

Understanding consumer trends

The focus on sustainability continues to grow across our markets, as does interest in convenience and plant-based products. Products with sustainability value propositions are included in most of our product ranges. Broadly speaking, our

product ranges currently include products with attributes that cater to consumer interests within six sustainability-related areas: climate, animal welfare, health, organic production, packaging and food waste. By taking these areas into consideration, we are continuously developing our product ranges to give consumers more options.

Our key markets generally respond well to our products and concepts with sustainability value propositions. However, it is clear to us that the complexity surrounding sustainability and differences in consumer preferences across our markets require an even deeper understanding of the drivers of sustainable consumer behaviour. We also need to look more closely into the challenges facing consumers when they want to make sustainability a conscious choice, and we have to identify ways in which we can support this through our food options, product labelling and marketing. This is why, in June 2022, we initiated an extensive quantitative and qualitative market analysis, which will serve as the foundation for new initiatives to move the market for sustainable food and drive value creation from farm to fork. Moreover, we continuously work to better understand the sustainability needs of our customers. To this end, we have developed a new IT system for

the collection of sustainability-related customer enquiries. The system has been rolled out across the Group and will enable us to track growing sustainability issues in our different markets.



Reducing my carbon footprint is by far the most important for me. Eating locally produced food, recycling packaging materials and using left-over food for compost are also choices I make every day.

— Consumer, age 43, UK

Engaging consumers to influence behaviour

All steps matter in the green transition of our society, and the actions we take as consumers and as companies all help to set and increase the pace of sustainable change. As part of our marketing and social media presence, we always look for new ways of engaging consumers in the sustainability agenda and nudge sustainable behaviour.

Consumers and products



Ambition

- We want to work together with our customers, consumers and other stakeholders to move consumption in a sustainable direction.



Activities in 2021/22

- Continued ongoing development of healthy and safe food products, both animal-based and plant-based.
- Continued ongoing analysis of consumer trends and preferences for sustainability and food options.
- Development of new standard operating procedure on approval of marketing statements, including sustainability claims in product and company marketing.
- Development of new groupwide IT system for collecting sustainability-related customer enquiries.



Future activities

- Rollout of the standard operating procedure on statements.
- Develop frameworks related to sustainability areas of high importance to our customers and consumers, such as a responsible marketing policy and a nutrition and health approach.



Documenting statements and training employees

As a major player in the meat industry making a significant environmental footprint, our marketing and sustainability statements are naturally subject to scrutiny by external stakeholders. Clearly, our claims need to be precise, backed by reliable data and follow best practice for communication, including the use of official labels. Our Climate Controlled Pig concept has been criticised for being misleading, and in 2021 a lawsuit was filed against Danish Crown alleging non-compliance with the Danish Marketing Practices Act. The case has not yet been concluded. Since October 2021, the concept has no longer been marketed in Danish retail stores.



In 2022, Friland was rated seventh highest in the Sustainable Brand Index

We have a strong focus on documenting our sustainability statements. Last year, we became a signatory to the EU Code of Conduct on Responsible Food Business and Marketing Practices. When we develop sales, marketing and training material, we always take the national context of each market into consideration. In 2021/22, we developed a new standard operating procedure for the approval of marketing statements. The procedure applies to all marketing statements, including claims related to sustainability, and it will support our efforts to communicate clearly when we market products with sustainable attributes. The procedure will be rolled out in 2022/23.



To support transparency and to raise awareness, Friland invited Danish consumers to visit some of our cooperative owners to see how everyday life is on a modern farm.

Another way of raising awareness is by inviting consumers to visit our farmers, the cooperative owners in Denmark. In 2021/22, some of our Friland farmers opened their doors and tested live-recording from the stables as a new way to engage consumers in everyday life on a modern farm, animal welfare and organic meat production. The close connection between Friland and consumers was reflected in the 2022 rating of Friland as seventh highest on the Sustainable Brand Index, in which Danish consumers have ranked over 200 companies.



Products with a sustainable profile

Over the past couple of years, we have tested more than 50 concepts focusing on sustainability propositions, across six different areas. Our efforts continued in 2021/22. We market many of these products in partnerships with major customers. Here are a few examples.



Health

We offer products with the Nordic Keyhole Nutrition Label to help consumers make healthier choices. Products with the Keyhole label contain less salt and sugar, less or healthier fat, and more whole grains and fibre. In May 2022, we launched Denmark's first three Keyhole-labelled ready-made meals with fresh meat. Furthermore, our 'Den Grønne Slagter' brand launched new meat products with the Keyhole label.

Sokołów in Poland also introduced ready-made pies with no preservatives, taste enhancers or phosphates, as well as new products in the Sokoliki-line, which are prepared from natural ingredients with particular focus on children's nutritional needs and reduced salt content. In 2021/22, Sokołów also increased sales of meat from pigs raised without the use of antibiotics.

Food waste

In August 2022, we introduced the label Look, Smell, Taste from Too Good To Go on the packaging of two of our Mou soups in the Danish market. See page 45 for more initiatives to reduce food waste.



Packaging

In June 2022, we started to add waste sorting instructions to all newly designed packaging in the Danish market. See page 69 for more initiatives related to reducing the environmental footprint of packaging.



Climate

We work on several fronts to meet the growing demand for food products with a low carbon footprint. We conduct life cycle assessments (LCA) to document the carbon footprint of our meat products and our progress toward climate-neutral meat production, see page 65.

In 2021/22, we continued the development of new plant-based protein products. Sokołów in Poland extended its range of plant-based products and convenience products within the 'Z Gruntu Dobre' product line and increased sales by more than 20 tonnes. KLS in Sweden has also maintained sales of almost 10 tonnes of their product range based on Swedish peas, and in addition produced a number of plant-based products for private labels.

In Denmark, our first broad product range of plant-based ready-made meals and meal components was introduced in supermarkets in January 2022 under our brand 'Den Grønne Slagter'. All products are made without soy and with either Nordic or organic vegetables as the main ingredient. The products have been well received by the Danish consumers and have already gained a large market share.



Animal welfare

Our 'Dansk Kalv' concept is an example of a concept focused on high levels of animal welfare and high quality and has been awarded two out of three hearts by the Danish state animal welfare label. Among other things, this involves calves being reared with more space per individual and short transportation to the abattoir. This has been well received by Danish consumers.



Organic products

Friland has a strong product range within free-range pork and organic pork and beef with high levels of animal welfare. Friland is one of the world's largest organic meat companies, with world-wide exports, supplying meat to the retail and foodservices sectors as well as the food industry. In general across Danish Crown, the number of slaughter animals raised organically, as free-range and/or without antibiotics increased by 20 per cent to 1 million in 2021/22.



Calculating the carbon footprint of our products



We continuously improve our life cycle assessment model to apply changes in best practice and, where relevant, substitute the use of generic data with Danish Crown-specific data.

Our ambition is to know our climate impact and communicate it to our customers and consumers in a clear and consistent way. To this end, we have developed our own model for life cycle assessments (LCA). Over the long term, we aim for a level of detail in the model that will enable us to calculate not only the carbon footprint per kg meat, but also the carbon footprint of selected products using data from specific suppliers, abattoirs, processing plants and logistics. The core of the LCA model was developed in 2020/21 by external consultants and is under verification by independent third parties. However, the model is not static and we continuously improve the underlying data to ensure that the method is up to date and aligned with international standards.

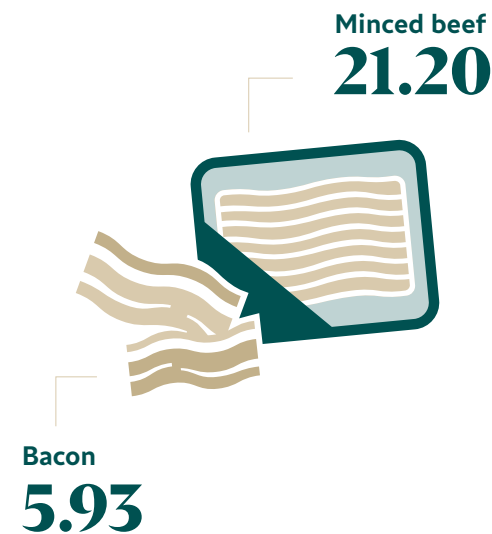
Supporting harmonised methodology

To align with international practice and avoid ambiguity, we have decided only to publish attributional life cycle assessment (A-LCA) values instead of as previously both A-LCA and consequential life cycle assessment (C-LCA) values. The key differences between the two values relate to the handling of by-products and data input. As a global company, we look to international best practice and standards, in particular within the EU, where the use of the A-LCA methodology prevails. For us, the most important issue for LCA methods and calculations is that they are harmonised and easy to understand across our markets.

Continuous improvement of model and data

We are continuously improving our model and data collection. Last year, the model included data from Danish pig farmers and producers of Danish veal collected from each individual farm through the Climate Track, see page 28. This year

we in addition included data from Swedish pig farmers enrolled in the Climate Track in 2021/22. In 2021/22, we also increased the granularity of the modelling of our production footprint by including data for specific facilities and parts of the animal, which enables us to increase the use of product-specific calculations. Improvements in the model and data may lead to changes in LCA values compared with previous calculations. Going forward, we will develop the model in clearly defined steps allowing us to recalculate previous values more consistently.



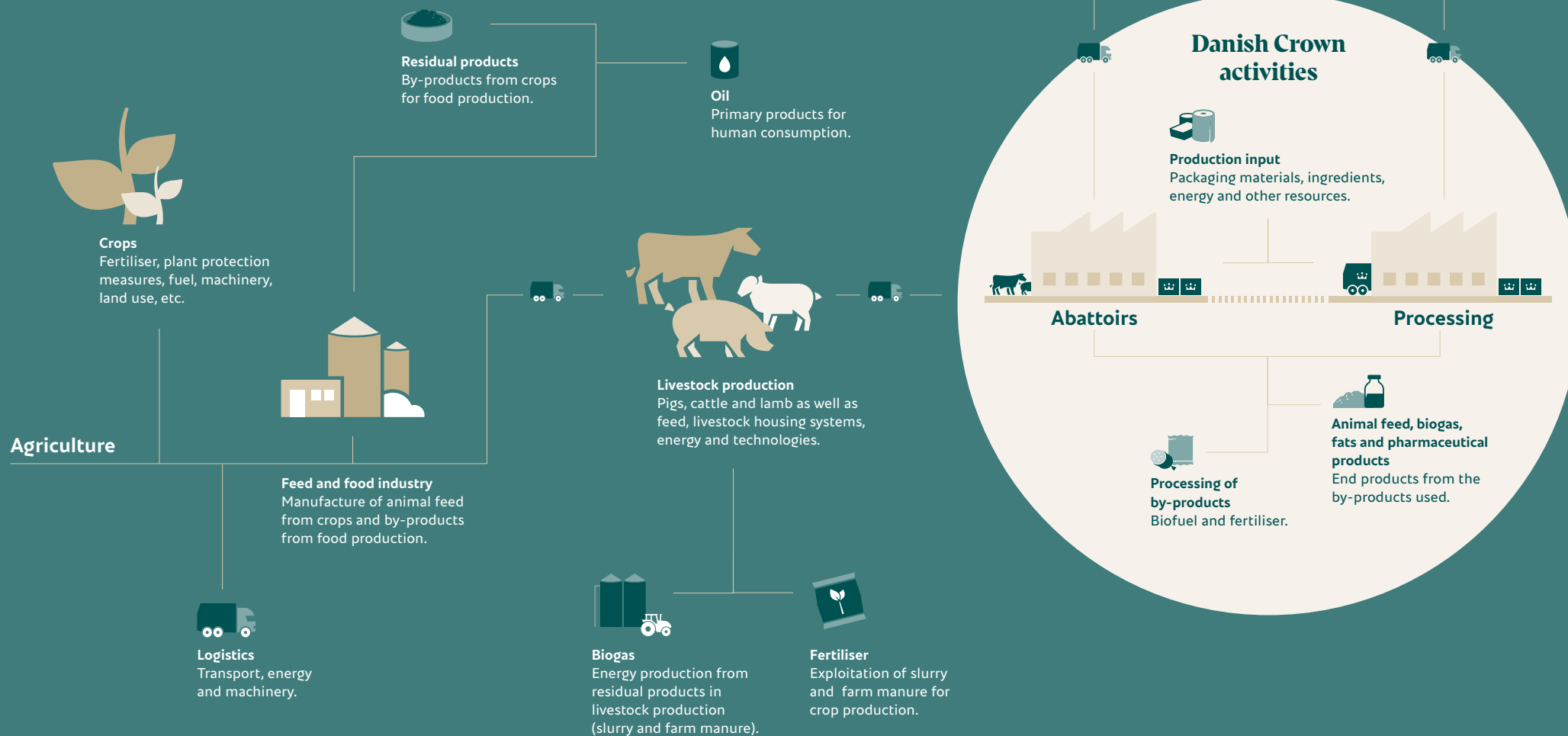
CO₂e per kg product (A-LCA)

The calculation of the carbon footprint of bacon is based on data from Danish pigs for bacon and from Danish cattle for minced beef. In the 2020/21 Sustainability report we made an error in the published carbon footprint of bacon (3.18 CO₂e per kg). As a result of the error, we have strengthened our quality assurance and validation procedure. For more information see page 71.



Data and framework for climate calculations

The figure shows the extent of the data we use for life cycle assessment calculations. Based on the Climate Track, which is part of our sustainability programme for farmers, we collect data to calculate the climate impact of each individual farm that supplies slaughter animals, see page 28.





High standards of food safety and food control



We commit to high food safety standards and consider this a prerequisite for our global market position.

High standards of food safety and control in our production and for our products are prerequisites for our global market position. Our strict self-check programmes based on Hazard Analysis and Critical Control Points (HACCP) identify potential food hazards and form the foundation of all our food safety work. The majority of our facilities are third-party certified in terms of food safety. The specific certifications are adapted to the production and context of the specific facility. Our systems also ensure traceability of the animals delivered by the individual farmer.

Food safety is about ongoing training, working with our culture and openness about potential hazards and errors to ensure that these are handled effectively and without fear of consequences. In 2021/2022, we increased our focus on these matters through food safety culture projects in all business units. Among other things,

the project identifies whether our training and guidelines are sufficiently adapted to our individual facilities.

Another important area is to ensure that our employees focus even more on proactive management by optimising processes. A project for this purpose was initiated in 2021/22 at our production facility in Aabenraa, Denmark. The time spent by relevant employees on various procedures and registrations was almost cut in half, and this freed up more time for them to be more proactive.

Product recalls

We have clear procedures for product recalls and for information to the public. In 2021/22, we had two public recalls across our markets. Whenever we have a recall, we scrutinise the background for the recall and evaluate our procedures and quality assurance programmes to prevent recurrence.

Product recalls



Product

Cold cut pork
Sausages

Market

Denmark and Sweden
Denmark

Reason for recall

Listeria
Unsafe heat treatment

Meeting customer demands

Ambition

- We want to maintain high standards of food safety in our production and for the products we deliver to customers and consumers.

Activities in 2021/22

- Food Safety certification covering of 86 per cent of our produced volume.
- Launch of food safety culture projects in all our business units.

Future activities

- Further implementation of our food safety culture projects.
- Ongoing work to maintain and improve our high food safety standards and reduce the use of antibiotics. This includes automating more of our data processing to allow relevant employees to focus even more on proactive management.



No drug residues in meat

Thanks to dedicated breeding of healthy, disease resistant pigs, the use of antibiotics on Danish and Swedish farms is currently among the lowest in the world. We monitor the use of antibiotics and farmers' progress towards achieving their reduction targets as part of our farm-level sustainability programme, the Climate Track, see page 28. However, antibiotics may be required to

combat diseases. If slaughter animals are treated with antibiotics, the farmer must record the treatment, label the animal and observe a retention period before sending the animal for slaughter. Animals are randomly tested at the abattoirs for any antibiotic residues to ensure that our meat is antibiotic-free. Furthermore, in Denmark, Sweden and Poland, we produce special pigs raised without the use of antibiotics.

Our global food control



+7,100 food inspections

from authorities at all our abattoirs and facilities annually.



+1,900,000 laboratory analyses and tests

of products and production equipments as a part of our self-checks.



+470 employees

work with food quality and safety, control inspections and traceability.





Packaging strategy encompassing the entire value chain



We commit to deliver outstanding food packaging solutions that elevate food safety and reduce food waste and carbon footprint through innovation and the best available technology.

Food packaging is an area attracting increasing stakeholder interest, and in 2022, we finalised a new packaging strategy with clear targets in five areas: reduction, recyclable materials, recycled content, Forest Stewardship Council certification and phasing out hard-to-recycle materials. See the indicator overview on page 74 for our baselines on these targets. The strategy covers packaging across our value chain and all packaging categories from plastic to metal and paper-based materials. To meet our targets, we naturally depend on our own actions but also on our surrounding environment in terms of technology development, access to materials, legislation and the organisation of national waste-sorting systems. We therefore also engage actively with our stakeholders, and in this context we have initiated a supplier-driven innovation programme, in which we will partner with relevant suppliers in the development phase to co-create packaging solutions and materials.

We have established a Packaging Committee tasked with securing resources to effectively implement the strategy, signing off on major initiatives and reviewing performance. All business units have appointed a person to be responsible for implementing the strategy and ensuring that the initiatives are adapted to the different products and markets.



Our six packaging principles in order of priority

1. We will not compromise on food safety, shelf life or the quality of our products when implementing new packaging.
2. We will not implement new packaging if it increases the likelihood of food being wasted anywhere in our supply chain by our customers or consumers.
3. We will reduce the amount of packaging materials as well as the complexity of packaging materials in our operations.
4. We want to actively stimulate the reuse of packaging materials and increase the use of recycled materials in our packaging.
5. We aim for recyclability – either circular or spiral – and we will actively increase the amount of recyclable packaging.
6. We want to actively engage with customers and consumers on the importance of food waste prevention, recyclability and separating practices.

Meeting customer demands



Target

- We aim to reduce all of our packaging by 15 per cent per tonne produced in 2025 relative to 2020/21 and by 30 per cent in 2030.
- We aim to ensure that 90 per cent of all our packaging materials are recyclable by 2025 and 100 per cent are recyclable by 2030.
- We aim to ensure that 40 per cent of all packaging materials are made from post-consumer recycled content in 2025, increasing to 60 per cent by 2030.
- We aim to use 100 per cent Forest Stewardship Council certified fibre packaging and no hard-to-recycle materials by 2025.



Activities in 2021/22

- New Packaging Strategy and targets developed.
- Validated baseline established.
- Development of a Packaging Standard to reduce our environmental impact.
- Strong governance structure established.
- Supplier-driven innovation programme initiated.



Future activities

- Implementation of Packaging Strategy and Packaging Standard.
- Further development of supplier-driven innovation programme.
- Improvement of our packaging master data setup.



How we work to meet our targets

Recyclability

As our products contain meat, we are dependent on materials like plastic for packaging. Plastic makes up about 20 per cent of our total packaging materials and is important because it protects our products and prolongs the shelf life, thereby preventing food from being wasted along the supply chain. As is the case with other packaging materials, we aim to reduce the amount of plastic used and increase the amount of plastic that can be recycled.



Example 60 per cent recycled plastic

Since July 2022, we have made changes to the packaging for our salami slices across all brands and markets. Excluding labels, 60 per cent of the total packaging is now made from recycled plastic. The black lid has been replaced with a transparent lid, making the packaging completely recyclable. For example in the Swedish market, this will add 79 tonnes of recyclable plastic annually from 2023. Every year, we sell more than seven million of these packages across our markets.

Recycled content

We are constantly seeking to increase the use of post-consumer recycled content in our packaging materials. However, recycled content is a scarce resource. New legislation across Europe will enhance the use of recycled content as well as recycling rates. The demand for recycled content strongly affects market demand for recycled materials, making them more expensive. We plan to explore projects that test new approaches and sorting practices to help stimulate a better and more effective infrastructure for recycling materials.

Reduction

We aim to reduce the amount of packaging across our value chain, from pallets and slip sheets in our production to the packaging consumers see on the shelves. This could be effected by changing the way we pack our cans or by mapping the exact functionality and needs of our corrugated boxes to see whether we can down-gauge them while still meeting quality requirements.



Example

Reducing the packaging volume

In 2021/22, we implemented a 5 µm thickness reduction across all bacon top webs for bacon produced at facilities in Oldenburg and Schüttorf, Germany as well as in Haarlem, the Netherlands. When implemented on all relevant bacon products and at the four facilities, we expect an accumulated saving of up to 11 per cent of the total usage of top webs in the category. Reducing foil thickness on primary packaging is a complex task, as we need to ensure the functionality of the foils and make sure we do not compromise shelf life, product quality or food safety.

Increase awareness of sorting importance

We want to increase consumer awareness of the importance of sorting packaging correctly and support their efforts to do so. We are currently implementing waste-sorting pictograms on all newly designed packaging in the Danish market, and we are part of the European project HolyGrail 2.0, which tests new sorting technology based on digital watermarks.

Forest Stewardship Council certified paper-based materials

We support responsible forestry and are already using certified paper-based packaging materials. For example, our corrugated cardboard boxes have one of the three Forest Stewardship Council (FSC) certifications: FSC 100 per cent, FSC MIX or FSC recycled. Our ambition is to go through all our paper-based packaging materials from cardboard labels to slip sheets in production and ensure that everything is responsibly sourced and certified.

Example

Metal recycle logo

In the past year, we began implementing the Metal Recycles Forever mark on 105 Tulip-branded canned products sold across 120 markets worldwide. The logo is a friendly reminder to our consumers that a metal can is infinitely recyclable and of very high value if sorted correctly and sent for recycling.

Example

Cardboard trays

Since May 2022, Sokołów in Poland have begun to gradually replace plastic trays with cardboard trays for selected products. The trays are primarily made from FSC certified cardboard and contains significantly less plastic than the trays previously used.





Methodology

Reporting scope, boundaries and principles | Indicator overview and data definitions | Target and activity overview

More and more people subscribe to home delivery of their groceries. They save time and get new inspiration for their daily meals. Danish Crown provides products for every type of consumer and lifestyle, whether you prefer convenience, ready meals or fresh meat.



Our reporting principles, future legislation and materiality assessment

Reporting scope, boundaries and principles

Data in our Sustainability report 2021/22 cover the accounting period from 1 October 2021 to 30 September 2022 to the extent possible. Some of the data included in the report are approximate figures based on calculations for slightly different periods.

Data from all legal entities where we have operational control are included in the report. Under the operational control approach, a company accounts for 100 per cent of greenhouse gas emissions from operations where it or one of its subsidiaries has operational control. Operational control is determined by majority ownership, and/or specific contractual agreements. Two organisations where we have majority ownership are not included as these are purely interest organisations (Danish Bacon and Meat Council and 'Svineslagteriernes Varemærkeselskab ApS'). These entities do not have any material impact on our sustainability performance. For joint ventures, where we own exactly 50 per cent, the data are included or excluded based on contractual agreement. See our Annual report 2021/22 for

a full description of inclusion principles and a complete list of companies.

Entities acquired or established during the reporting period are included in the data from the date of acquisition or establishment. Entities divested or wound up are included in the data until the date of divestment or winding up. The date of divestment is the date when control of the enterprise passes to a third party.

The basic principles for data management and reporting are unchanged relative to last year. Material changes relative to prior years' reported data or to calculation principles or methods are described in the data definitions.

This Sustainability report is largely inspired by the Global Reporting Initiative (GRI) standards, but without meeting the in accordance criteria. In addition, we have begun work on the draft European Sustainability Reporting Standards (ESRS) exposure standards with regards to materiality assessment.



The Danish gourmet restaurant

Pasfall keeps a strong focus on seasonal ingredients, meticulous craft and exceptional taste.





Methodology of our materiality assessment

The materiality assessment conducted in 2022 is an updated version of the 2020 materiality assessment and represents a high-level groupwide assessment covering primary material topics across our value chain. It is based on input received through ongoing dialogue with internal and external stakeholders within our sphere of influence, external frameworks and benchmarks as well as internal analyses and reports. We have also taken hard and soft law into consideration and have evaluated our policies, values and external commitments.

The 2022 assessment did not identify any new material sustainability issues, but in the resulting list of material issues, we have categorised the issues as either environmental, social, governance or sector specific, see page 12.

This update is the first step in our process towards working with double materiality, as required by the upcoming EU Corporate Sustainability Reporting Directive (CSRD). The concept implies that a sustainability issue can be material from either an impact perspective (inside-out) or a financial perspective (outside-in), or both.

Our work on materiality assessment going forward

Going forward, we will strengthen our work on double materiality. As the standards for materiality assessment develop over the coming years, we will work towards applying the full framework for materiality assessment to ensure compliance with the CSRD. Among other things, this means a more systematic approach to all three levels of the materiality assessment: input gathering, the assessment process and the results.

We will use a stepwise approach, moving our assessment closer to full compliance each year.

Meeting future legal reporting requirements

The legislative requirements for sustainability reporting will be significantly strengthened by the EU Taxonomy and Corporate Social Reporting Directive. In addition, we experience increasing expectations from customers, consumers and other stakeholders to implement measurable progress with respect to sustainability. We also need to ensure that we meet the targets we have set, such as our recent emission reduction targets submitted to the Science Based Targets initiative for scope 1, 2 and 3.

Given these increasing expectations, we have initiated a groupwide project to improve our overall setup for data gathering, validation and

disclosure. In this project, we will work intensively to narrow the gap between the data points we currently collect and the data points that will be required in future. In addition, we will have a strong focus on ensuring high data quality across our business units and countries of operation. We will develop uniform and clear data definitions and systematic validation processes for our data points. We expect this to be a stepwise process, adding new datapoints and improving our validation process each year.

Another expected outcome is new and adapted policies, action plans and targets. This is already an ongoing focus area for Danish Crown and this year, for instance, we have aimed for a clear link between our targets and supporting activities, as illustrated in our Target and activity overview, see page 80.

Our efforts are not only to ensure that we meet future legal requirements, but also to drive solid decision making and to strengthen our communication and value creation towards our customers and consumers. Part of our ambition is therefore to build dashboards which will allow employees across the organisation to follow our progress in key sustainability areas on a regular basis.

Input

A systematic process for gathering input and engaging both internal and external stakeholders that focuses on both impact and financial materiality.

Process

A set method for the assessment of the material issues identified through input gathering. This includes thresholds and clear criteria for impacts, risks and opportunities as well as more systematic consideration of time horizons, boundaries of value chain reporting and differences across our business units.

Result

A thorough presentation of the identified results including risks, opportunities and impacts for each material issue.



Indicator overview

E Environment
 S Social
 G Governance
 S Sector specific
 O Other

Indicator	Unit	2021/22	2020/21	2019/20	2018/19	2017/18
Environment						
Energy consumption						
Energy consumption	'000 MWh	1,298	1,259	1,248	1,263	1,129
Energy consumption per output	kWh per tonnes produced	453	446	459	441	333
Green electricity*	Per cent	8.7	7.9	-	-	-
Emissions						
Scope 1 emissions	'000 tonnes CO ₂ e	161	170	172	177	149
Scope 2 emissions (market-based)	'000 tonnes CO ₂ e	218	175	236	248	275
Scope 2 emissions (location-based)	'000 tonnes CO ₂ e	166	165	186	211	191
Scope 3 emissions**	'000 tonnes CO ₂ e	-	11,475	11,601	-	-
Total emissions (market-based)**	'000 tonnes CO₂e	-	11,820	12,009	-	-
Total scope 1, 2 and 3 emissions (location-based)**	'000 tonnes CO ₂ e	-	11,810	11,959	-	-
Emissions per output (market-based)**	kg CO ₂ e per kg output produced	-	4.12	4.24	-	-
Water						
Water consumption	1,000 m ³	10,574	10,604	10,238	10,460	10,379
Water consumption per output	m ³ per tonnes produced	3.7	3.8	3.8	3.7	3.5
COD in wastewater	kg per tonnes produced	6.6	6.5	7.0	7.3	9.9
Waste						
Total waste*	Tonnes	30,780	31,802	-	-	-
Waste suitable to incineration	Tonnes	18,157	14,845	-	-	-
Waste directed to recovery	Per cent	25	25	-	-	-
Packaging***						
Packaging volume*	kg per tonnes produced	-	28	-	-	-
Recyclable packaging materials*	Per cent	-	88	-	-	-
Packaging material from post-consumer recycled content*	Per cent	-	33	-	-	-
FSC-certified fibre packaging*	Per cent	-	99	-	-	-
Harder to recycle materials*	Per cent	-	0.4	-	-	-
Biodiversity						
Use of certified soy (Denmark)*	Per cent	20	-	-	-	-

*New indicators

** Given the high complexity and dependency on third-party data for scope 3 emissions, 2021/22 emissions will be made available in spring 2023.

*** As the packaging targets and indicators have only recently been established, we currently only have validated data for our baseline year, 2020/21.



Indicator	Unit	2021/22	2020/21	2019/20	2018/19	2017/18
Social						
Full-time employees (FTEs)	Number of employees	26,641	25,918	22,996	23,052	21,769
Safety first						
Lost time accidents	Number of accidents per 1,000 FTEs	43	37	27	28	41
Absence due to lost-time accidents	Days of absence per accident	17	18	22	22	17
Noise exposure (Denmark)*	Per cent of employees with noise exposure above 82 dB(A)	42	-	-	-	-
Social responsibility						
Employee turnover	Per cent	27	23	18	20	-
Apprentices	Number of people	304	278	253	242	-
Women in senior leadership positions						
Executive Vice Presidents	Per cent	14	0	-	-	-
Senior Vice Presidents	Per cent	8	8	-	-	-
Vice Presidents	Per cent	21	20	-	-	-
Sector Specific						
Slaughtered animals*	'000 animals	19,811	19,714	18,872	19,879	20,735
Pigs*	'000 slaughtered pigs	18,683	18,581	17,761	18,674	19,561
Sows*	'000 slaughtered sows	310	295	226	264	274
Cattle*	'000 slaughtered cattle	762	785	828	868	839
Lambs*	'000 slaughtered lambs	56	53	57	73	61
Hereof organic, free-range and/or raised without antibiotics	'000 animals	1,008	840	846	786	724
Recalls*	Number of public recalls	2	6	-	-	-
Climate track						
Danish pigs on the Climate Track*	Per cent	100	100	100	-	-
Danish cattle on the Climate Track*	Per cent	100	100	100	-	-
Danish free-range cattle on the Climate Track*	Per cent	100	-	-	-	-
Swedish pigs on the Climate Track*	Per cent	65	-	-	-	-
Others						
Countries of operation*	Number of countries	26	-	-	-	-
Entities in Europe*	Number of entities	130	-	-	-	-
Entities outside Europe*	Number of entities	34	-	-	-	-

*New indicators



E Environment

Energy

Energy consumption

Energy consumption in MWh is the total consumption of fossil and renewable energy sources including the following: natural gas, gas oil, fuel oil, gasoline, other fossil fuels, diesel, petrol, electricity, district heating and steam, liquefied and compressed gas, biomass energy, other alternative energy and own production of renewable energy.

Energy consumption in kWh per tonne produced is calculated by dividing the total energy consumption (MWh) by volume of produced output in tonnes.

We have corrected our historical data for energy consumption due to a double-counting reporting error.

Development

In the past three years, energy consumption per produced volume has been stable, as both total energy consumption and our produced volume has increased slightly. Part of the increase in total energy consumption comes from new sites, which mainly use renewable electricity and biogas as energy sources. In addition, consumption of diesel, electricity and gasoil has increased, while consumption of gas has decreased. Going forward, we expect our energy consumption per produced volume to remain stable, though the mix of energy is likely to change, as we expect to use less gas and increase our consumption of alternatives to gas.

Green electricity

Consumption of externally purchased 100 per cent renewable electricity and district heating as well as actual consumption of own produced

renewable electricity. Can include geothermal, wind, solar, hydro or biomass. Consumption is defined as actual consumed electricity and district heating. It is measured in per cent of our total electricity consumption.

Development

In 2021/22, the share of green electricity increased to around 8 per cent. To base our entire electricity consumption on renewable energy is a top priority, whether from our own production or external procurement.

Emissions

Scope 1 emissions

Scope 1 emissions is the amount of direct greenhouse gas emissions from primary energy at our production sites, including fuels used in stationary installations on site (natural gas) as well as mobile installations (diesel). Emissions related to dry ice and CO₂ used as anaesthesia as well as the global warming potential of purchased refrigerants are also included in Scope 1. All impact is converted and measured in '000 tonnes CO₂e.

We have revised our historical data for scope 1 CO₂e emissions in light of new and more precise calculations, including more disaggregated fuel types.

Development

In 2021/22, our scope 1 emissions decreased. The decrease was spurred by a decrease in our consumption of natural gas. However, this was partially offset by an increase in diesel and gasoline consumption. Our consumption of sustainable biofuels, mainly biogas, also increased in 2022.

Scope 2 emissions (market-based)

Scope 2 emissions is the amount of indirect CO₂e greenhouse gas emissions from secondary energy, mainly electricity. The market-based method quantifies scope 2 emissions based on

greenhouse gas emissions emitted by the generators from which the reporter contractually purchases electricity bundled with instruments, or unbundled instruments on their own (GHG Protocol, "Scope 2 Guidance", Glossary, 2015). Measured in '000 tonnes CO₂e.

Development

In 2021/22, our market-based scope 2 emissions increased. The increase was primarily driven by an increase in electricity consumption, but also by higher greenhouse gas emissions related to purchased electricity. This development highlights the need to establish a green electricity procurement programme going forward.

Scope 2 emissions (location-based)

Scope 2 emissions is the amount of indirect greenhouse gas emissions from secondary energy, mainly electricity. The location-based method quantifies scope 2 greenhouse gas emissions based on average energy generation emission factors for defined locations, including local, sub-national or national boundaries (GHG Protocol, "Scope 2 Guidance", Glossary, 2015). Measured in '000 tonnes CO₂e.

Development

In 2021/22, our location-based Co₂e emissions remained stable. Going forward, we expect our location-based scope 2 emissions to decrease as a result of ongoing decarbonisation and a larger share of renewables in national electricity grids.

Scope 3 emissions

Our scope 3 emissions are emissions that we indirectly impact through our value chain.

Our scope 3 emissions have been calculated for 2019/20 and 2020/21. Given the high complexity and dependency on third-party data, scope 3 emissions 2021/22 will be made available in spring 2023.

The calculation of scope 3 emissions follows the methodology outlined in the GHG Protocol (Corporate Value Chain (Scope 3) Accounting and Reporting Standard). Of the total 15 categories of scope 3 emissions, Danish Crown has measurable climate impact in 10 categories: 1. Purchased goods and services, 2. Capital goods, 3. Fuel and energy related activities, 4. Upstream transportation, 5. Waste generated in operations, 6. Business travel, 7. Employee commuting, 8. Upstream leased assets, 10. Processing of sold products and 12. End-of-life treatment.

All farm-level greenhouse gas emissions are included in the category 1 Purchased goods and services. This category accounts for the majority of our scope 3 emissions and includes the full value chain emissions from animal production. The calculation of farm-level greenhouse gas emissions is based on data from our attributional life cycle assessment (LCA) model (see the definition of life cycle assessment). Measured in '000 tonnes CO₂e. Scope 3 activities of DAT-Schaub and ESS-FOOD are not included.

Development

Overall, our scope 3 emissions declined marginally between 2020 and 2021. Our overall aim is to lower our scope 3 emissions going forward and to reach our 2030 emission reduction target.

Total emissions per output produced

Full value chain emissions (Scope 1, 2 and 3) divided by total output produced and measured in kg CO₂e/kg output.

Development

Our total climate impact per produced output declined between 2020 and 2021, due to a decline in our absolute greenhouse gas emissions as well as an increase in our produced output.



Our overall aim is to lower our greenhouse gas emission per produced output going forward and to reach our 2030 emission reduction target.

Water

Water consumption

Water consumption is the withdrawal of water at our production facilities from all sources: Groundwater, surface water, (including collected rainwater), sea water, water from municipal facilities and other external vendors, own wells or water collections. Bottled water purchased for drinking is not included. Measured in 1,000 m³.

Water consumption in m³ per tonne produced is calculated by dividing the total water consumption (water withdrawal) at our production facilities by volume of produced products in tonnes.

Development

Our water consumption (water withdrawal) per tonne produced has been stable over the last couple of years. We expect our water consumption per tonne produced to decline going forward as we work towards our 2030 reduction target by improving data and increasing employee awareness of good water management at our facilities, etc.

COD in wastewater

Chemical Oxygen Demand (COD) in wastewater is the total volume of COD in wastewater at our production facilities divided by the total volume of products produced. Measured in kg per tonne produced.

Development

Since 2017/18 the amount of COD emitted has declined from nearly ten kg per tonne produced to below seven kg in both 2020/21 and 2021/22.

Waste

Total waste

Total waste is the actual weight of total waste generated in tonnes at our production facilities. This includes both waste directed to recovery and waste directed to incineration, landfilling, hazardous waste, etc. It does not include animal by-products, biomasses to biogas or effluents.

Development

We reduced the total amount of waste from our production facilities in 2021/22 compared to the year before.

Waste suitable to incineration

Waste suitable to incineration is the actual total weight of waste from our production facilities suitable for incineration but not suitable for recovery. It is usually directed to incineration or landfilling. Incineration is controlled burning of waste at high temperatures and can be carried out with or without energy recovery. Landfilling is final depositing of solid waste at, below or above ground level at engineered disposal sites. Measured in tonnes.

Development

The volume of waste suitable for incineration increased in 2021/22 even though we managed to reduce the total amount of waste from our production sites. The increase is due to the employment of real rates. Previously we included the full amount of waste sent to recovery as recovered, but now we take into consideration that it will often not be possible to recover 100 per cent of the waste sent to recovery. The increase was therefore expected, and we still aim to meet our 2030 target.

Waste directed to recovery

Waste directed to recovery is the actual total weight of waste that has been recovered

in tonnes at our production facilities. This includes preparation for reuse and recycling but not energy recovery.

Development

The share of waste sent to recovery was stable in 2021/22, even though we have started to use real recycling rates. This indicates that we have in fact managed to increase the share of waste sent to recycling compared to 2020/21, when we did not use real recycling rates.

Packaging

As the packaging targets and indicators have only recently been established, we currently only have validated data for our baseline year, 2020/21.

Packaging volume

Packaging volume is the total amount of packaging materials which has been purchased during the financial year, excluding pallets. Packaging data includes the following business units: Danish Crown, Beef and KLS. It is measured as kg per tonne produced.

Recyclable packaging materials

Recyclable packaging materials are defined as mono materials, in accordance with the definition provided in the design guide "Reuse and recycling of plastic packaging for private consumers" by the Network for Circular Plastic Packaging. Metal and fibre-based material must consist of only one material structure to be considered recyclable. It is measured as a percentage of our total volume of packaging.

Packaging material from post-consumer recycled content

Packaging material from post-consumer recycled content is material that has been reprocessed from recovered materials and made into a final product or product component. The indicator

only includes post-consumer materials. It is measured as a percentage of our total volume of packaging.

FSC-certified fibre packaging

FSC-certified fibre packaging is the share of fibre packaging with FSC, FSC MIX or equivalent certification as for example the Programme for the Endorsement of Forest Certification (PEFC). It is measured as a percentage of our total volume of fibre packaging.

Hard to recycle materials

Hard to recycle materials to be phased out are the following materials: polyvinyl chloride (PVC), polyvinylidene chloride (PVDC) and expanded polystyrene (EPS). It is measured as a percentage of our total volume of packaging.

Biodiversity

Certified soy

Certified soy in this report refers to all deforestation-free soy. It includes soy that has been verified as originating from deforestation-free areas as well as soy that has been certified and segregated. The indicator Use of certified soy (Denmark) refers to the percentage of certified soy bought by feed companies supplying the feed to our Danish suppliers of slaughter animals. The soy has been verified as coming from deforestation-free areas and the stated percentage is based on the mass balance model. The percentage of certified soy for 2021/22 is the percentage used at the end of calendar year 2021.

S Social

Full-time employees (FTEs)

The average number of FTEs during the reporting period is calculated as the number of FTEs in each of the 12 months in the reporting period.



The calculation of FTEs is based on normal full-time employment in each country.

Employees include all who receive any form of compensation directly from Danish Crown for their services, including full-time, part-time, temporary employment etc.

Safety first

Lost time accidents

Lost time accidents is the number of work-related accidents divided by the number of full-time equivalent employees (FTEs) measured in thousands. An accident is recorded when it occurs during working hours and causes at least one day of absence after the day of the accident. Accidents during travel to/from work are generally not included. Both permanent and temporary employees at Danish Crown are included. Employees working for and managed by Danish Crown's contractors and subcontractors are not included.

Development

In 2021/22, the number of accidents per 1,000 FTEs increased despite our efforts to reduce accidents. Part of the reason for this is a higher turnover rate. Furthermore, increased focus on accidents can lead to better registration, and that we will therefore get a more complete picture of our accidents as we continue to strengthen systematic registration across our production facilities. The number of accidents varies between our sites and countries of operation. We believe that this can be both a reflection of continued differences in the registration approach and of differences in approaches to accident prevention. To reduce accidents going forward, we will focus our efforts on the sites with the most accidents per 1,000 FTEs and work to share best practice for both systematic registration and prevention.

Absence due to lost-time accidents

Absence due to lost-time accidents is the total number of workdays lost due to accidents excluding the day of the accident divided by the number of lost-time accidents. If an accident causes several periods of absence, all days of absence are included. Absence within the reporting period due to accidents in previous periods is not included.

Development

In 2021/22, absence due to lost-time accidents remained stable despite our efforts to reduce the number and severity of accidents. As for the number of accidents per 1,000 FTEs, we see differences across our sites and countries of operation. Going forward, we will focus our efforts on the sites with the most absence due to lost time incidents and work to share best practice for both systematic registration and prevention.

Noise exposure (Denmark)

Noise exposure is the percentage of production employees in Denmark exposed to a daily noise level above 82 dB(A). The actual measurement of exposure levels at the production facilities took place between February and September 2022. The percentage for our production facility in Ringsted is estimated based on similar production facilities. We have gathered this data and established the baseline shown in the indicator overview. We will use the baseline to focus on reducing noise levels for the employees who are the most exposed. Going forward, we therefore expect to reduce the number of production employees in Denmark who are exposed to daily noise levels above 82 dB(A).

Social responsibility

Employee turnover

Employee turnover is the total number of resigned employees, including due to retirement,

voluntary redundancies, holiday relief, dismissals, etc. divided by the number of FTEs. Measured as a percentage.

Development

Employee turnover has been increasing over the past two years, and in 2022 we decided to change our previous target of a 10 per cent reduction per year from 2021 to 2026 to a more realistic target focusing on maintaining the average employee turnover level for production and office employees from 2021/22.

Apprentices

Apprentices refers to the number of people employed by Danish Crown as part of their business education. Their education is completed by an apprenticeship test.

Development

Attracting apprentices is a challenge, but we managed to increase our global intake in 2021/22. However, in Denmark, which is the country with the most apprentices, we experienced a decrease in the intake due to the current situation in the Danish labour market. Nevertheless, we are on track to meet our target to increase the global intake of apprentices in production and technical divisions by 20 per cent in 2025 relative to 2018.

Women in senior leadership positions

Women in senior leadership positions is the share of women that hold a position as Executive Vice President, Senior Vice President or Vice President. The indicators are measured as the share of women in these positions out of the total number of managers in these positions.

Development

The share of women in senior leadership positions has been stable in 2021/22. We will continue to

work towards our target of increasing the share of women in senior leadership positions.

G Governance

Certificate coverage

Food safety

Food safety certification coverage is measured as the share of our produced volume covered by one or more of the following certifications: ISO 22.000, Global Red Meat Standard (GRMS), British Retail Consortium (BRC) or International Featured Standard (IFS).

Environment

Environment certification coverage is measured as the share of our produced volume covered by the ISO 14.001 standard.

Health and safety

Health and safety certification coverage measured as the share of our employees working at a facility covered by the ISO 45.001 standard. It includes only employees working at production facilities, including abattoirs.

Animal welfare

Abattoirs with Global Red Meat Standard (GRMS) certification. Measured as share of slaughtered animals covered by the GRMS certification.

S Sector specific

Slaughtered animals

Slaughtered animals is the total amount of slaughtered animals within the Danish Crown group. It is measured in number of animals. The number of slaughtered animals in the indicator overview is also shown by type of animal.



Animals: Organic, free-range and/ or raised without antibiotics

Animals refers to the total amount of animals slaughtered which were raised organically, as free-range and/or without antibiotics. Measured in number of animals.

Recalls

Products which have been delivered to our customers and sold to consumers, and which have subsequently been recalled because the products pose a potential risk to food safety or do not comply with legislation.

Suppliers on the Climate Track

Suppliers on the Climate Track is the percentage of our suppliers who have joined the Climate Track by the end of the financial year. Measured as a percentage of suppliers out of the total amount of suppliers of the given animal type in the country in question. For animals and countries where implementation has started but is not yet 100 per cent, it is measured as a percentage of slaughter animals covered by the Climate Track.

Development

In 2021/22, we continued the rollout of the Climate Track. In 2022/23, we expect to focus on continuing the enrolment of Swedish and German pig producers and to enrolling producers of Swedish and Danish dairy cattle.

Other

Countries of operation

Countries of operation is the number of countries in which the Danish Crown group operates one or more entities. The entities can include abattoirs, processing plants, sales offices or warehouses.

Entities in and outside Europe

Entities in and outside Europe refers to the number of entities the Danish Crown Group operates within or outside Europe. Measured in number of entities.

Number of meals

Produced volume divided by 50 gram per meal. The 50 gram measure is based on The Official Danish Dietary Guidelines and the recommendation to eat 350 gram of meat per week.

Life cycle assessment (LCA)

LCA data is used in the section about the Climate Track and the section about LCA. Our LCA model has been developed in collaboration with external LCA consultants. It is based on attributional life cycle assessment (LCA) and measured in CO₂e per kg product or CO₂e per kg LW (live weight) animal.

A key part of the model is farm-level emissions. The model comprises both on-farm and off-farm emissions, including but not limited to, emissions from the production of feed, energy use at the farm, methane (CH₄) emissions from enteric fermentation from animals, CH₄ and N₂O emissions related to manure handling and storage as well as direct and indirect N₂O emissions from feed cultivation. To the extent possible, individual farm-level data have been used for the calculations. For farmers that are not yet part of the Climate Track or where data is not available, farm-level emissions are estimated using national data.

Another important part of the model is emissions from our production sites. These include emissions related to energy use, water consumption, packaging and ingredients.

In the 2020/21 Sustainability report, we made an error in the published carbon footprint of bacon. In our Sustainability report 2020/21, the stated

value was 3.18 kg CO₂e per kg bacon. This has been corrected to 5.93 kg CO₂e per kg bacon in this year's report. The error was due to a mistake in the value used for economic allocation, which is the mechanism for determining how much of the total emission from producing a slaughter pig should be allocated to a given product. As a result of the error, we are strengthening our quality assurance and validation procedure. In general, we are continuously improving our LCA model and data collection. For example, we include more data directly from our farmers when new groups of farmers are enrolled in the Climate Track. Improvements in the model and data may lead to changes in LCA results compared to previous calculations.

Production facility

A production facility at Danish Crown refers to both abattoirs and processing facilities.



Target and activity overview

Below is an overview of our sustainability ambitions and targets, the main activities conducted in 2021/22 and future activities planned to ensure progress in achieving our ambitions and targets.

E Environment **S** Social **G** Governance **S** Sector specific **O** Other

E Climate change

Target

2030

We aim to reduce our greenhouse gas emissions from production and logistics by 50 per cent per kg of meat by 2030 relative to 2005.

2050

Our climate vision is to have climate neutral (net-zero) meat production by 2050.

Note

Our targets for the Science Based Targets initiative were approved in November 2022 and will replace these targets going forward.

Status

As planned

Activities

2021/22

- Scope 3 emissions according to GHG Protocol methods mapped.
- Targets for emission reductions submitted to the Science Based Targets initiative.

Future activities

- Get targets for emission reductions validated by Science Based Targets initiative.
- Further develop detailed action plans for delivering on our science-based targets.
- A number of our targets in other categories such as Climate Track, packaging, energy and responsible sourcing support our efforts to deliver on our science-based targets.

E Climate Track and farm-level greenhouse gas emissions

Target

Supporting our target to reduce our greenhouse gas emissions from production by 50 per cent per kg of meat by 2030 and our vision to have climate neutral (net-zero) meat production by 2050.

Note

Our targets for the Science Based Targets initiative were approved in November 2022 and will replace this target going forward.

Status

See climate change

Activities

2021/22

- Continued rollout of the Climate Track with focus on producers of Danish Free Range Beef as well as Swedish and German pig producers. Approximately 65 per cent of Swedish slaughter pigs are covered by the Climate Track and 100 per cent of farmers supplying Danish Free Range Beef have now joined the programme. In Germany, we are testing the implementation of the Climate Track on pigs.
- Decision made to introduce a reporting premium for those of our cooperative pig owners who report their use of feed, piglet mortality and daily gain.
- Continue collaboration with relevant industry players in research projects on climate solutions of tomorrow.

Future activities

- Implement reporting premium for cooperative pig owners.
- Continue the development and rollout of the Climate Track. Our goal is that by 2025, 100 per cent of our cooperative owners and contract suppliers of slaughter animals in Denmark, Sweden, Poland and Germany will be following the Climate Track. Our previous target year was 2024, but this has been adjusted, as we continuously assess the need to adapt the specifics of the programme to the local context and the concrete production systems.
- Continue the development and implementation of roadmaps to meet scope 3 emissions reduction targets.

**E Biodiversity****Ambition**

We want to work with our suppliers of slaughter animals to support modern agricultural production going hand in hand with nature by growing and producing more effectively in the areas where doing so is sustainable while releasing marginal lands back to nature.

Status

Ongoing

Activities**2021/22**

- Development of biodiversity approach.
- Development of the Climate Track to include collection of biodiversity data in Denmark. Datapoints selected in cooperation with researchers from Danish universities.

Future activities

- Initiate data gathering from cooperative owners through biodiversity application and establish baselines for all cooperative owners and suppliers of pig and cattle in Denmark and Sweden.
- Develop biodiversity concept for selected products.
- Our ongoing rollout of the Climate Track also captures biodiversity.

E Responsible soy and palm oil**Target****Denmark**

All cooperative owners and suppliers of slaughter animals will use 100 per cent responsibly produced soy in feed by the end of 2025. All feed suppliers for our slaughter animals will have phased out the use of palm oil in feed by the end of 2023.

Germany

We aim to cover soy consumption for German suppliers of slaughter animal through certificates by year-end 2022.

Status**Soy**

As planned

Palm oil

As planned

Activities**2021/22**

- Commitment made to UK Manifesto on Responsible Soy.

Future activities

- Danish Crown Fleisch membership of the Forum for More Sustainable Protein Feed. Danish Crown Fleisch is part of our business unit Danish Crown.
- Develop group-level approach to procurement of responsibly produced soy and a deforestation policy.
- Develop action plan for procurement of responsibly produced soy for feed used by German suppliers of slaughter animals.
- Continue phasing out palm oil in feed by the Danish suppliers of feed for slaughter animals.
- Continue to increase use of responsibly produced soy in feed by cooperative owners and Danish suppliers of slaughter animals.
- Continue to encourage and participate in research and development of alternative protein sources.

E Energy**Target**

Supporting our target to reduce our greenhouse gas emissions from production by 50 per cent per kg of meat by 2030 and our vision to have climate neutral (net-zero) meat production by 2050.

Note

Our targets for the Science Based Targets initiative were approved in November 2022 and will replace this target going forward.

Status

See climate change

Activities**2021/22**

- Biomass at our production facilities and its biogas potential mapped.
- Engaged in pilot projects to test possibilities of electrifying processes.
- Environmental certifications covering 60 per cent of our produced volume.

Future activities

- Exploring possibilities for playing a bigger role downstream in the biomass value chain.
- Incorporate our investment decisions, for example by ensuring that we strike the right balance between reduction initiatives and compensating for greenhouse gas emissions. That also applies to our previous decision to have three carbon-neutral production facilities by the end of 2022, which we are likely to either postpone or withdraw.



E Packaging

Target

Reduce packaging volumes

We aim to reduce all of our packaging volumes by 15 per cent per tonne produced in 2025 relative to 2020/21 and by 30 per cent in 2030.

Packaging recyclability

We aim to ensure that 90 per cent of our packaging materials are recyclable by 2025 and 100 per cent by 2030.

Recycled packaging

We aim to ensure that 40 per cent of our packaging materials are made from post-consumer recycled content in 2025, increasing to 60 per cent by 2030.

Certification

We aim to use 100 per cent Forest Stewardship Council certified fibre packaging.

Hard to recycle

We aim to use no hard-to-recycle materials by 2025.

Status

As planned
(new target set)

Activities

2021/22

- New Packaging Strategy and targets developed.
- Strong governance structure established.
- Supplier-driven innovation programme initiated.
- Packaging Standard to reduce our environmental impact developed.
- Validated baseline established.

Future activities

- Implement Packaging Strategy and Packaging Standard.
- Further develop supplier-driven innovation programme.
- Enhance our packaging master data setup.

E Waste

Target

We aim to reduce the volume of suitable combustible waste from our production facilities by 40 per cent relative to 2020/21 and recover 80 per cent of the waste by 2030.

Status

More slowly

Activities

2021/22

- Local action plans for reducing and recycling waste at our Danish production facilities developed.
- New agreement with a waste management company covering our Danish production facilities entered into force in October 2021. The agreement includes close collaboration to achieve our waste targets.
- Recycling of silicone paper implemented at the majority of our Danish facilities.

Future activities

- Continue implementation of local action plans and investigations into new possibilities for reducing and recovering our waste streams.
- Increase knowledge sharing on waste initiatives across our business units and countries of operation.

E Water and wastewater

Target

Water consumption

We aim to reduce water consumption at our production facilities in Denmark, Poland, Sweden, Germany and the Netherlands by 40 per cent per tonne produced in 2030 relative to 2019/20.

Organic matter in wastewater

We aim to reduce the amount of organic matter in wastewater from production facilities by 30 per cent per tonne produced in 2030 relative to 2019/20.

Status

Water
consumption
More slowly

Organic matter in
wastewater
More slowly

Activities

2021/22

- Chemical Oxygen Demand measurement and water production calculations aligned.

Future activities

- Continue efforts to identify the best ways to reduce our water consumption based on experience from pilot projects as well as data collection.
- Start operation of facility for recycling water at our abattoir in Horsens, Denmark. Originally planned for 2021/22, but delayed due to technical issues.
- Develop water management programme.

**S Health and safety****Target****Accidents**

We aim to reduce the annual frequency of lost time accidents to 20 per 1,000 FTEs at our European production facilities by 2025. Facilities which reach the goal ahead of schedule must achieve a further 20 per cent reduction by 2025.

Noise

We aim to limit daily noise exposure for our production employees to maximum 82 dB(A) by 2030.

MSD

We aim to reduce the physical strain for the 10 per cent most demanding production jobs with respect to MSD by 2025.

Status**Accidents**

More slowly

Noise

As planned

MSD

More slowly

Activities**2021/22**

- Systematic registration of near misses at all Danish production facilities implemented.
- Mapping of the most demanding jobs in terms of MSD at our Danish production facilities initiated.
- Pilot test for exoskeletons at our facility in Ringsted, Denmark.
- Baseline data of noise exposure collected at all Danish production facilities.
- Certified management system for health and safety implemented at all Polish production facilities.
- Health and Safety certification covering 47 per cent of our employees at production facilities.

Future activities

- Continue strengthening our systematic registration within health and safety across the Danish Crown Group, for example by rolling out systematic registration of near misses in Sweden, Germany and Poland.
- Complete mapping and develop local action plans to reduce MSD at our Danish production facilities.
- Share learnings across production facilities and continue investments in automation to reduce physical strain on employees. Increased automation is part of our corporate strategy.
- Analyse noise exposure baseline and develop action plans.

S Social responsibility**Target**

We want to increase the global intake of apprentices in production and technical divisions by 20 per cent in 2025 relative to 2018.

Status**Apprentices**

As planned

Activities**2021/22**

- Initiative to upgrade the skills of hourly-paid workers in Denmark expanded.
- Educational programmes for employees in charge of apprentices at abattoirs in Denmark initiated.
- Continue efforts to increase the intake of apprentices in production and technical divisions in Denmark.

Future activities

- Further analyse employee turnover data with the purpose of establish a new target.
- Further expansion of initiatives to upgrade hourly-paid workers in Denmark.
- Improvement of our HR master data setup.

S Diversity and inclusion**Target**

We aim to increase the percentage of women in senior leadership positions to 35 per cent by 2030.

Note

See all our targets related to diversity in our Annual report 2021/22.

Status

More slowly

Activities**2021/22**

- Diversity and Inclusion policy updated.
- New diversity targets set to align with Gender Diversity Pledge from the Confederation of Danish Industry.

Future activities

- Focus on inclusion and inclusive leadership.
- Further updating the Diversity Strategy and Policy.

**S Human and labour rights****Ambition**

We respect international conventions on human and labour rights, and we strive to mitigate any negative impacts on human and labour rights in our production and our value chain.

Status

Ongoing

Activities**2021/22**

- Human and labour rights risks assessed as part of our Sedex self-assessment.
- EcoVadis rating conducted and awarded with a silver medal for our work within the environment, human and labour rights, business ethics and sustainable procurement.

Future activities

- Investigate further compliance programme possibilities.
- Continued support for compliance with human and labour rights through our initiatives directed at job creation, health and safety, diversity and inclusion as well as through responsible sourcing.

G Reporting and communication**Ambition**

We aim to improve our reporting and communication to ensure accurate measurements of our progress, a solid foundation for decision making and communication as well as compliance with upcoming legislation.

Status

Ongoing

Activities**2021/22**

- Initiated groupwide project to improve the overall setup for data gathering, validation and disclosure, including the development of a new IT system and dashboards for ESG data.
- Initiated development of new framework for materiality assessment based on upcoming EU legislation.

Future activities

- Continue to improve data gathering, validation and disclosure processes.
- Continue development of new framework for materiality assessment.

G Management systems, certifications and audits**Target**

We aim to implement our integrated environment, health and safety management system, One Management System, at all production facilities in Denmark, Sweden, Germany, Poland and the Netherlands.

Status

More slowly

Activities**2021/22**

- Management systems for health and safety implemented at all Polish production facilities and certified according to ISO 45.001.
- Training in selected part of One Management System conducted at relevant production facilities in Denmark, Sweden and Germany.

Future activities

- Continue implementation of environment, health and safety management systems at our production facilities.

**G Anti-corruption****Ambition**

We want to fight corruption, bribery and other forms of non-ethical business practices and to continuously improve and develop our processes to do so.

Status

Ongoing

Activities**2021/22**

- High-level anti-bribery risk assessment of main business areas conducted.
- New disclosure management system implemented.
- Due diligence and screening of business partners improved.
- Introduced new Danish Crown standard on conflicts of interest.

Future activities

- Update of Anti-Corruption Compliance Policy and standards.
- Continue to develop our anti-corruption compliance programme and strengthen our compliance culture.

G Responsible sourcing**Ambition**

We want to integrate environmental, social and ethical considerations into our business operations and supply chain by making demands on our suppliers.

Status

Ongoing

Activities**2021/22**

- Our work within the “sustainable farming” part of our strategy also supports our responsible sourcing target for suppliers of slaughter animals.
- Our Supplier Code of Conduct for non-meat products accepted by suppliers covering 74 per cent of our spend.
- Risk assessment conducted for non-meat suppliers and follow-up audits for selected suppliers initiated.

Future activities

- We will look into improving our work on responsible sourcing.
- We plan to develop and implement Code of Practices for suppliers so they also cover third-party suppliers of pigs and cattle in Denmark, Sweden, Germany and Poland and of sheep in Sweden and Germany by the end of 2023.
- Develop social audit programme for our non-meat suppliers.
- Expand our supplier self-assessment questionnaire for non-meat suppliers to cover suppliers of logistics.
- Update our Supplier Code of Conduct

S Food safety**Ambition**

We want to maintain high standards of food safety in our production and for the products we deliver to customers and consumers.

Status

Ongoing

Activities**2021/22**

- Food safety certifications covering 86 per cent of our produced volume.
- Launching food safety culture projects.

Future activities

- Further implementation of our food safety culture projects.
- Continue ongoing work to maintain and improve our high food safety standards and reduce the use of antibiotics. This includes automating more of our data processing to allow relevant employees to focus even more on proactive management.

**S Food waste and food loss****Ambition****Food loss and food waste at production level**

We aim to put every part of the animal and our other raw materials to good use at our production facilities.

Food waste at consumer level

We aim to reduce food waste in collaboration with customers and consumer organisations.

Status

Ongoing

Activities**2021/22**

- Food loss data captured across selected facilities.
- Best before and often good after labelling implemented on all relevant packaging in Denmark, taking into consideration any potential health risks.
- Too Good To Go labelling implemented on selected products in the Danish market.

Future activities

- Continue our efforts to optimise our processes to ensure we put every part of the animal and our other raw materials to good use.

S Sustainability and product range**Ambition**

We want to work together with our customers and other stakeholders to move consumption in a more sustainable direction.

The above ambition replaces previous ambition

Our previous ambition: "Penetration of sustainable food products in the market by 2030" is not clearly defined and therefore we have decided to maintain the above ambition and will work on creating clear targets going forward.

Status

Ongoing

Activities**2021/22**

- Continue ongoing development of healthy and safe food products, both animal-based and plant-based.
- Continue ongoing analysis of consumer trends and preferences for sustainable food options.
- New standard operating procedure developed for approval of marketing statements, including sustainability claims in product and company marketing.
- New groupwide system for collecting sustainability-related customer enquiries developed. The system will enable us to track increasingly topical sustainability issues in our different markets.

Future activities

- Rollout of the standard operating procedure on statements.
- Develop frameworks related to sustainability areas of high importance for our customers and consumers.

S Animal welfare**Target**

We want to be ranked as Tier 2 in the 2023 Business Benchmark for Farm Animal Welfare (BBFAW) Report.

Target above is an adjustment of the previous target

Our previous target was to be ranked Tier 1 in the 2022 BBFAW report. In the 2022 assessment we were given a Tier 3 rating, in part due to changes in methodology. As a result, we do not believe that achieving a Tier 1 rating by 2023 is realistic.

Status

As planned
(new target set)

Activities**2021/22**

- Development and approval of an Animal Welfare Strategy.
- Development and approval of Policy for Animal Welfare.
- Development of a tool to map the animal welfare certification programmes to which our abattoirs adhere.
- Animal welfare certification covering 82 per cent of our slaughtered animals.

Future activities

- Update our Supplier Code of Conduct with stricter animal welfare requirements for livestock suppliers.
- Develop and implement Code of Practice for relevant animal species in Denmark, Sweden, Germany, and Poland by 2023.
- Our ongoing rollout of the Climate Track also captures some aspects of animal welfare.

