



Danish Crown

Logistics Decarbonization Programme

Our Programme

1.1 Our commitment

In Danish Crown, we want to be able to offer our customer and consumers logistics with a focus on minimizing CO2 emissions.

As part of Danish Crown's commitment to reduce our CO2-emission impact, we are committed to our science-based targets to reduce our scope 1 carbon emissions by 42% and our scope 3 emissions by 20% in 2030 from a 2020 baseline. Logistics play a part in reaching this target as logistics is the second-largest source of Danish Crown's scope 3 emissions after the farm level that accounts for far most. Sea transport accounts for the largest share of logistics emissions, closely followed by road transport and warehouses.

To achieve our ambition and targets on CO2-reductions, we take concrete actions to work both internally and with our logistics service providers to deliver CO2-emission reductions.

The aim of this logistics programme is to form Danish Crown's consolidated plan and actions to reach our target of driving down CO2 emissions from logistics and to be able to offer our customer and consumers logistics with a focus on minimizing CO2 emissions.

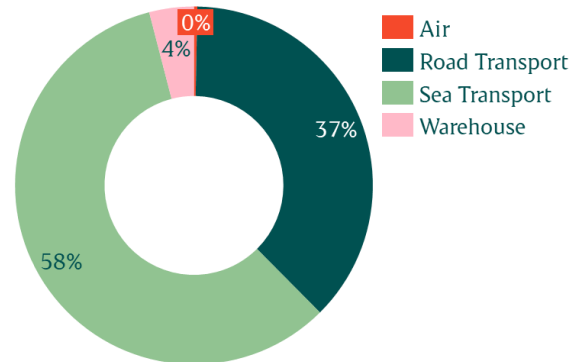
1.2 Scope

The scope of this programme includes logistics of all Danish Crown companies with +50% ownership.

Scope does for now not include transport of livestock nor logistics inside Danish Crown manufacturing sites.

Most of our logistics setup is operated by external service providers, however in some markets we have our own trucks, vans and warehouses. These are part of our scope 1 emissions, and the programme will address these emissions as well as the external scope 3 emissions.

Figure: Sources of Danish Crown's scope 3 emission



Our Approach

2.1 Approach

To succeed with our CO2e commitment in Scope 3, we see a need for changing the way we do our everyday work within logistics. We are approaching the change in 3 steps: See, Challenge and Act.

2.1.1 See

Our starting point for improvement is the ability to measure emissions and identify potentials. We have established overall reporting on our logistics scope 3 CO2-emissions adhering to the Green House Gas (GHG) protocol and the Global Logistics Emissions Counsel (GLEC) framework using well to wheel (WTW) data.

Our internal scope 1 logistics activities are currently consolidated into the overall scope 1 figures. During 2024 we will refine our reporting to increase reporting granularity and tracking in these areas.

In line with above frameworks, we are taking an 80/20 approach starting by addressing the biggest contributing areas, while working to build a more granular reporting setup. Currently, we update our emission figures annually. We will increase reporting frequency once we have more advanced ways of collecting emission numbers from our logistics service providers and our own fleet.

Sustainability review process

Besides emissions reporting we review our key suppliers against a set of defined ESG-criteria to ensure we have continuous dialogues on sustainability actions and development.

The results of these reviews are shared with the suppliers and incorporated into supplier development plans. This serves as a leading indicator for awarding new business to the higher-ranking suppliers.

2.1.2 Challenge

To succeed in delivering significant emission reduction we need to challenge current ways of working and grow sustainable mindsets in our logistics communities and areas impacting logistics. This includes how we act and how we collaborate internally and with external partners to Danish Crown. In order to grow the right mindset over time, we have defined a set of principles guiding our work with reducing carbon emissions from our logistics

and helping us to integrate sustainability into our everyday work and decision making.

Managing how we work with minimizing the environmental impact of logistics:

Customer Experience: We want to offer a value chain with minimal environmental impact.

- We want to be able to offer our customers deliveries with minimal environmental impact before it is required
- We work with our customers to optimize joint CO2 footprint
- We enable end-to-end transparency of logistics emissions

Technology: We aim to use the newest technologies available.

- Establishing the right data foundation is key for us improving energy efficiency
- We utilize relevant new technologies to reduce our consumptions
- We seek to utilize the most energy efficient technologies

Behavior: We challenge each other to integrate sustainability in our ways of working

- We continuously evaluate our suppliers' performance on CO2 emission, their Sustainability strategies and improvement actions
- We consider sustainability aspects in all our decisions

Partnerships: We believe partnerships are key in achieving our targets

- We will engage actively with our key suppliers to deliver on our logistics agenda
- We expect our suppliers to sign up for SBT (Science Based Target), SEDEX or other well-known industry standards
- We enter partnerships to seek new knowledge, to contribute to industry synergies and broader

Proven methods: We apply proven methods ensuring compliance and credibility

- All reporting will be data driven and according to GHG protocol and GLEC framework
- We take a conservative approach to reporting of all CO2 emission improvements to ensure credibility

2.1.3 Act

To succeed in converting commitments, intentions, and ambitions into tangible improvements we need to drive changes and take actions. A large part of Danish Crown Groups' logistics is operated by suppliers, thus successful transformation requires managing our supplier relationships and setting clear expectations.

For this purpose, our Responsible Procurement Policy, Supplier Code of Conduct, Supplier Framework Agreements and our review of key suppliers play an important part on actions taken regarding sustainability.

Supplier Code of conduct and framework agreements

In our Supplier Framework Agreements, we are implementing sustainability requirements and the Code of Conduct serves as a foundation for setting expectations to Danish Crown's logistics suppliers. The Supplier Code of Conduct is based on relevant legislation and recognized international standards for the environment, anti-corruption, animal welfare, food safety as well as human and labor rights.

As part of the Supplier Code of Conduct suppliers are expected to take full responsibility for their impact on the climate. Further, suppliers must pursue a sustained and systematic approach to environmental impacts and risks and be committed to taking action to combat climate change. To access the Supplier Code of conduct in further detail [here](#).

To ensure compliance, suppliers are expected to implement and maintain management systems appropriate to the size and sector of the business. In case of non-compliance, the supplier must submit a corrective action plan to address any specific non-compliance issues. The corrective action plan must be fulfilled within a given timeframe and be agreed with Danish Crown. Danish Crown may terminate the agreement with the supplier due to the seriousness of a breach or repeated non-compliance with this Supplier Code of Conduct.

By yearend 2023 we had achieved acceptance of our Supplier Code of Conduct for 87,9 per cent of our logistics providers.

2.2 Roadmap:

We are maturing our roadmap to define the steps, goals, and milestones towards achieving our ambition of being able to offer our customer and consumers logistics with a focus on minimizing CO2 emissions. This process includes a bottom-up approach where the heads of logistics in our organization deliver ideas to promote logistics with a minimal environmental impact in monthly performance review meetings with Group Logistics. The ideas are then evaluated, prioritized and plans to implement are carried out.

In example, we have launched different projects within the latest year:

- We concluded a multi-year agreement with a key logistics provider which includes an increased commitment to work with us in minimizing CO2 emissions from our logistics. This resulted in immediate deployment of six electric trucks.
- We are far on the journey to reduce the CO2 emissions on the transports performed in Sweden, as KLS has transitioned to fossil-free transports in recent years. Thus, today our carriers for outbound transport from our Swedish production facilities use fossil-free fuels, such as biogas or electric vehicles.

Besides these projects, we drive strategic partnerships in line with our guiding principles to seek new knowledge and contribute to industry synergies. In example:

Partnerships

- We launched a major logistics project during the year to rethink and improve our transport solutions in terms of reducing CO2. In a new partnership within logistics and food transport, a double-digit DKK million figure has been earmarked for innovative solutions to reduce our climate footprint.
- Green Corridor: We embarked on a partnership with three other large Danish companies to develop a transport corridor to the United Kingdom with significant emission reductions towards 2030.

2.3 Governance

The Group Logistics department in Danish Crown is responsible for ensuring the implementation of the programme. The department tracks and monitors the implementation by facilitating status meetings with key stakeholders.

Monthly: Performance review meetings with heads of logistics in Danish Crown's different subsidiaries. The aim is to review logistics performance and discuss targets and efforts.

Quarterly: Performance review meetings with our Logistics Board which consist of senior management across our business units. The aim is to review logistics performance, project pipeline and adjustment of targets.

Group Sustainability oversees the progress on our targets and communicates status in yearly reports on Danish Crowns scope 1, scope 2 and scope 3 reductions. These reports are communicated to Group CEO and CFO along with a Senior Management Group, comprising senior executives from across the Danish Crown Group, who all oversee the development of our logistics.

Group procurement is responsible for following up on the acceptance rate of the Supplier Code of Conduct of our logistics providers aiming to improve the current score further.

Group Logistics updates this programme annually and includes all relevant updates.