

Danish Crown Group Animal Welfare Policy

Key Principles

Danish Crown Group is a global meat processing company and among the largest in its field. As such we recognise the impact of our global activities – on the animals in our care, on our own workforce, on the environment and on the communities in which we operate - and we recognise our responsibility for seeking to make that impact positive. As a farmer-owned cooperative, we are constantly reminded of our obligations and responsibilities towards our surroundings.

Danish Crown is owned by almost 7,000 Danish farmers and over the years, we have worked closely with our owners and suppliers, as well as with researchers and organisations in the agricultural sector to develop a high-quality and sustainable livestock production with a focus on parameters such as animal welfare, breeding and rearing, and veterinary health.

In addition to meeting both EU and national animal welfare legislation, and reflecting a clear market focus, Danish Crown operates within industry standards such as the Danish Product Standard and the Danish UK Contract standards in Denmark, and the Red Tractor and RSPCA Assured schemes in the UK. In addition, Danish Crown businesses have developed a range of programmes to deliver higher welfare products to meet specific market, customer and consumer requirements.

We believe that good business is predicated on good animal health and welfare, but this is not just a demand from our farmer owners. A sustainable business requires that we meet and exceed both customer and consumer expectations, and in each of our four home markets – and in many of our export markets – consumer demand for higher welfare standards continues to grow. Meeting these demands is an important element of our licence to produce.

The good quality of our products starts on the farm and at the slaughterhouse. Care and respect for the animals and nature are crucial for ensuring that we can produce high-quality products and create value for our customers and for consumers – and at the end of the day for our owners.

We are committed to driving up animal welfare standards within the business and with our suppliers. The globally-recognised Five Freedoms (as defined by the Farm Animal Welfare Council) form the core of our own farming supply chain animal welfare standards and is a requirement of all of our suppliers.

- 1. Freedom from hunger & thirst** - by ready access to fresh water and a diet to maintain full health & vigour
- 2. Freedom from discomfort** - by providing an appropriate environment including shelter and a comfortable resting area
- 3. Freedom from pain, injury or disease** - by prevention or rapid diagnosis and treatment
- 4. Freedom to express normal behaviour** - by providing sufficient space, proper facilities and the company of the animal's own kind
- 5. Freedom from fear & distress** -by ensuring conditions and care which avoid mental suffering

To support these welfare commitments demands robust traceability systems, not just to meet customer requirements in all markets that we serve, but also to provide additional consumer assurance.

Our markets also demand the highest levels of food safety and our standards are linked directly to all welfare systems across the business. This can be seen, for example, in the area of antibiotic usage in Denmark where the national VetStat system and Yellow Card scheme deliver some of the lowest levels of livestock antibiotic usage of all major pig producing countries.

Food consumption and production have become increasingly high-focus topics, with consumers extending their interest to many more parameters than seen previously. Danish Crown has developed a sustainability strategy where animal welfare, veterinary safety and use of antibiotics are just some of the elements that fall within our 'Sustainable Farming' programme. Specific actions to achieve each of our sustainability commitments are detailed in our Sustainability Plan and progress is reported annually.

Scope of our supply chains

Danish Crown is the largest pork processor in the EU and the fifth largest EU beef processor, and trades with 136 markets across the globe. We focus on our four home markets of Denmark, the United Kingdom, Sweden and Poland, and as a group, in 2017/18 we processed some 22 million pigs and 700,000 cattle. In addition, we have meat processing interests in Germany, France and China.

In Denmark, Sweden, Poland and Germany, our business interests manage both pork and beef supply chains, while the Tulip operation in the UK has a clear focus on pork. Our Danish supply chain accounts for approximately 75% of the Danish sector and more than 60% of the pigs processed within the group, with Germany processing 16%, UK 11%, Poland 8% and Sweden 5% of the group's pigs. Our Danish beef operations process more than a third of the group's cattle, with Germany accounting for 24%, Poland 22% and Sweden 18%. Reflecting its leading market position, Danish Crown is a key driver of welfare advances in many areas, from antibiotics controls and free farrowing systems in Denmark, to our UK operations that include outdoor-bred pigs and a free-range supply chain in which pigs are born outside, in fields where they remain outside until they are sent for processing, and where the breeding sows are kept outside in fields for their whole productive life.

Our group animal welfare policy applies to all markets, to both pork and beef, and to all Danish Crown brands, although higher standards will be applied according to markets, customer requirements, participation in third-party accreditation schemes, and company quality programmes.

Management of Animal Welfare

We are committed to ensuring that across the group, all supplying farms and processing sites comply with legislative standards, and in our Danish, UK, Swedish and German supply chains must be sourced from producers that are accredited to recognised animal welfare schemes including Danish Product Standard, Danish UK Contract, Red Tractor, RSPCA Assured and QS.

Dedicated Agriculture Supply Chain teams work closely both with colleagues within the businesses and with farmers, industry organisations and customers to ensure that proscribed welfare standards are maintained and, wherever possible, improved. Our animal welfare requirements are clearly set out in supplier contracts according to specific market demands.

In each of our markets, the Agriculture Team led by the Agriculture Director is responsible for:

- Establishing, communicating and monitoring animal health and welfare standards
- Managing and monitoring independent third-party audit programmes
- Provision of information to the Management Board in the country in which they operate

A global committee comprising senior executives from across the group oversees the development of overall welfare policies. Information will also be reported periodically to the group Management Board.

In each market, they are supported by dedicated teams including animal health and welfare and food safety specialists who work with our supply chains, customers and industry organisations to ensure that proscribed standards are consistently implemented.

Processes are in place to review audit reports from farm animal welfare accreditation schemes and from client audit visits. In the event of a non-conformance, and as set out in the Supplier Code of Conduct, the issue will be investigated, and corrective actions taken where required within an agreed timescale. Periodic review of reports is carried out to identify any structural challenges that may need communication to our supply chains.

We strive to stay at the forefront of global and local animal welfare developments in order that we can identify key opportunities for integration into our own supply chains. This is achieved through local and group knowledge transfer programmes, and through active engagement with industry organisations.

One of the benefits of our global operations is the facilitation of knowledge transfer across the business to the benefit of all. For example, the learnings from our UK business and their engagement with Bristol University has guided the training of our animal welfare officers at our processing operations in Denmark.

Having direct interests in different markets also places additional challenges on the business. Our Sokolow business was only acquired in 2014, and its integration is a wide-ranging task. In the area of animal welfare, a project was started to establish a focused animal welfare department and the plans also include the development of a business-specific animal welfare policy.

Reflecting its leading positions in each of its home markets, Danish Crown and its subsidiaries are actively involved in helping to drive industry improvements in animal welfare. This is achieved through active participation in the work of industry bodies and through partnerships with academic institutions. For example, in Denmark, this would include SEGES, Danish Agriculture & Food Council, Danish Veterinary & Food Administration, Animal Protection Denmark, and the Danish Technical University, while UK engagement includes work with AHDB, BMPA, NPA, RSPCA, Red Tractor, Quality Meat Scotland, the Pig Veterinary Society, and Compassion in World Farming.

How we raise our pigs and cattle

Animal health and welfare is a cornerstone of our business. To meet both societal and customer expectations, we demand of ourselves that, as sentient beings, all of the livestock that we process are treated humanely throughout their lives.

Reflecting local market demands, there will be differences across our businesses, and while EU legislation forms a statutory minimum, in many areas, standards, whether from national legislation or industry, company and customer welfare programmes, exceed this baseline.

Farm welfare standards form a part of all livestock sourcing contracts, all of which will include participation in recognised and independently-audited third party accreditation schemes. Processes for dealing with any non-compliance are set out within these schemes. Farmers participating in higher welfare programmes are further rewarded with sustainable pricing and premiums.

Traceability

Robust traceability systems are demanded by both customers and consumers to ensure that the expected standards of food safety, and animal health and welfare are consistently delivered. All of our supply chains are required to meet levels of traceability as set out in EU legislation, but we also deliver higher levels in order to meet standards set out in national legislation and a range of quality assurance schemes and customer standards. Those standards extend to inputs to the various livestock systems and include, for example, animal feed and its constituent ingredients, and livestock medicines.

For example, Danish beef can always be traced back to the farm where the animal was raised. All cattle have an 11-digit earmark. The first six digits indicate where the animal was born, and the last five digits are the specific number of the individual animal. Earmarking ensures full traceability throughout the food chain from farm to table. The animal carries the same ear tag throughout its life.

Farm Assurance

In each of our home markets we have Agriculture Supply Chains whose field staff engage directly with farmers to support and advise on a range of welfare and management issues.

Reflecting the demands from both customers and consumers for supply chain integrity, in addition to EU and national legislation, each of our markets offers the additional assurance (and higher standards) of recognised and independently audited farm assurance schemes; detail of some of these can be accessed below.

In addition, our UK and Danish pig supply chains and our Danish beef supply chain are subject to independent and unannounced third-party audits on behalf of some UK retail clients.

Group positions on key welfare issues can be summarised below:

Close confinement:

Pigs:

Tethering is not permitted in any of our supply chains, and all sows are tether-free.

Across all of our supply chains, the use of sow stalls is not permitted except for the first four weeks of pregnancy in our global supply chain. No pigs are kept in close confinement or farrowing crates in approximately 65% of our UK supply chain. Our Danish UK welfare programme does not permit confinement of sows other than during the farrowing process and represents approximately 30% of our Danish output.

To optimise the welfare of both sows and piglets, use of farrowing crates is permitted across our pig supply chain. They are not used in our UK outdoor programmes or our Danish Friland (2% of Danish supply chain) supply chains, and there are significant restrictions in the Danish 3 Hearts scheme that limit their use from up to four days for 1 Heart, 2 days for 2 Hearts, and banned from 3 Hearts standard. Denmark is the only country in the world to set a target for loose-housed sows in the farrowing unit, with a target of 10% by 2020.

Cattle:

Tethering is not permitted in any of our supply chains and all cattle are tether-free. As set out in EU legislation, individual crating and housing of calves in individual pens after eight weeks is not permitted in our supply chains.

Routine mutilations:

Pigs:

Routine tail-docking and tooth-clipping or grinding are not permitted across our supply chains but can be carried out if advised by a veterinarian and included in the farm Veterinary Health Plan. Some of our UK and Danish programmes preclude tail docking. Tail docking is not permitted in our Swedish supply chain (5% of group) and in our UK business the percentage of pigs tail-docked is recorded as a KPI.

Cattle:

Routine tail docking is not permitted across our supply chains. Where advised, the de-horning/disbudding of Danish dairy cattle must be carried out by a veterinarian and with the use of local anaesthesia. This supply chain represents approximately 30% of our Danish supply and the procedure restricted to female cattle.

Castration:

Pigs:

Approximately 85% of the pigs processed by the group come from systems that permit castration under proscribed conditions, but that does not mean that all are castrated. Danish Crown continues to invest in research to develop solutions that are accepted across all major international markets. Castration is not permitted in our UK supply chain, and in our Danish supply chain, it must be conducted within 7 days of birth and with local analgesia and anaesthetic.

Cattle:

Castration is permitted in our Danish supply chain but accounts for less than 5% of livestock. Where prescribed, castration of young Danish bulls must be carried out by a veterinarian and with local anaesthesia.

Transport, pigs: A maximum transport time of 8 hours is permitted in our Danish, UK, and Swedish supply chains. Our Polish and German supply chain transport status is under review but meets current EU legislation of 12 hours travelling time. The average transport time for our UK operations is four hours, while in our Danish supply chain, and reflecting geography and plant locations, around 95% of journeys do not exceed 3 hours, and all hauliers must meet Danish industry transport standards. In Poland, 90% of journeys for pigs are less than 8 hours and for those journeys that exceed 8 hours, special transport requirements are specified.

Transport, cattle: Transport time must not exceed 8 hours in our Danish and Swedish supply chains. In Denmark, the average distance from producer to slaughterhouse is 80 km., and the average transport time is approximately 2 hours. In Poland, approximately 70% of journeys for cattle are less than 8 hours and for those journeys that exceed 8 hours, special transport requirements are specified.

Cloning and use of genetically modified animals: Producers across our pork and beef supply bases must ensure that no animals are subject to any genetic modification or cloning. We continue to review scientific developments which may benefit the health and welfare of livestock. If this identifies new techniques to benefit livestock health, this may be considered. However, we would never adopt new techniques without prior discussion with stakeholders.

Use of growth-promoting substances: The use of antibiotic growth promoters is not permitted within our farming systems across the group. It should be noted that their use has been banned in Denmark since 2000 and in the EU since 2006.

Antibiotic use: Danish Crown advocates the responsible use of livestock antibiotics and requires that its suppliers have a special focus on limiting the use of antibiotics to ensure both animal and human health'. This includes limiting the use of antibiotics that are critically important for human health, and in our Danish, UK and Swedish supply chains, their use is either banned or permitted only under exceptional circumstances. Antibiotic use is monitored across all markets.

Denmark is among the lowest users of livestock antibiotics of all the major pig producing countries and its systems are held as an exemplar for others. The UK has introduced a new industry medicines control system that is driving down usage, and, benefitting from internal knowledge transfer, usage within Tulip's own farming business is below the UK average. Our Danish supply chain has also developed an antibiotic-free supply chain.

Environmental enrichment: Sows, gilts and pigs must have permanent access to a sufficient quantity of material to enable proper investigation and manipulation activities, such as straw, hay, wood, and sawdust. Under the Red Tractor scheme, tyres are not permitted, and in Denmark, rooting materials must be of natural origin

Humane slaughter/pre-slaughter stunning:

All pigs across our business must receive appropriate pre-slaughter stunning prior to processing. All pigs across the group are currently stunned using CO2 and effectiveness of stun is monitored

All cattle in our Danish, Swedish and German beef supply chains must receive appropriate pre-slaughter stunning prior to processing. This is delivered through approved captive bolt systems. In the Sokolow supply chain, and reflecting historic trading structures, a kosher supply chain represents a minority element of production.

Danish Crown's beef interests include operations in Denmark (including Holsted, Europe's most modern slaughterhouse), Germany, Sweden and Poland. More information, including output, videos and inspection reports can be found [here](#). Its Danish business is founded on four core schemes – Friland (organic), Dansk Gastro Kalv, Danish Dairy Cattle, and Danish Beef Cattle – each of which includes a range of welfare requirements.

Danish cattle have a high health standard, and the meat quality is the very best. Danish veterinary inspections and legislation are among the strictest in the world, and they cover the entire process from the rearing of the animals on the farms to the inspection of every single animal at the slaughterhouses. The veterinary surgeons at the slaughterhouses are employed by the Government and are thus independent of the slaughterhouses.

The Danish Beef Cattle programme requires meat to originate from Danish beef cattle and for farmers to sign a contract that commits to meeting proscribed standards of care, including:

- Reared and cared for by dedicated Danish farmers
- The cattle must go out on the grass in the summer
- The calves can move freely
- During the winter, cattle are always free to move around in stables or outside
- Healthy and natural food without unnatural additives and always with free access to water
- There are no stressors around the meat cattle
- Danish beef cattle are not milked
- The animals are transported directly to the slaughterhouse.

Dansk Gastro Kalv:
**Ethics, animal welfare and good
quality go hand in hand**

For the benefit of both animal welfare and food quality, in January 2018 Danish Crown Beef entered into a cooperation agreement with a large Danish wholesaler on selling meat from so-called crossbred calves under the Dansk Gastro Kalv brand to Danish restaurants and canteens. In so doing, we are addressing a long-standing ethical dilemma in our industry: that non-meat-producing bull calves are put down immediately after birth, because it does not pay to rear them.

The challenge is associated with rearing cattle for milk production, which inevitably results in the birth of both heifers and bull calves.

Dansk Gastro Kalv is a so-called crossbred calf, where the mother is a milk-producing Jersey cow and the father is a meat-producing bull. This yields veal of very high quality. The calves have extra space in the cow sheds and straw to lie on. In addition, they are fed

both raw milk and roughage and are regularly inspected by a veterinarian.

This combination of high eating quality and high animal welfare standards is being sought by chefs in professional kitchens, canteens and restaurants throughout Denmark, and Dansk Gastro Kalv is thus giving farmers, wholesalers and chefs the opportunity to work together to make the most of the available resources. The concept has been welcomed in the market, and sales have been steadily increasing since its introduction.

Danish Crown Beef wants to help eliminate the problem of redundant bull calves, and has therefore become involved in other projects in our value chain which address the challenge. This includes, for example, cooperating with parties in the value chain to find a new business model which can contribute to resolving the issue of putting down bull calves.

Reporting on Performance

While there may be differences in scope and detail between our various markets, across all of our supply chains, a range of health and welfare indicators are measured at each link in the chain. In addition to supporting our aim to seek continuous improvement in animal health and welfare, performance measurement is also a prerequisite to delivering business sustainability through the supply chains in which we operate.

These measures, whether on farm, transport or slaughterhouse can include requirements from EU and national legislation, sector quality assurance programmes, client specification standards and company programmes, and many are independently audited.

In its Danish pig supply chain for example, a range of welfare metrics from slips at unloading, lameness and effectiveness of stun, to piglet mortality and antibiotic usage are measured every day.

Our Danish supply chain accounts for more than 60% of group output. Although Danish animal welfare legislation is linked to EU law, in many areas, we exceed these requirements. We have a three-stage audit process which involves; a self-audit by highly trained employees at both the farms and the slaughterhouses, thorough veterinary inspection at all stages, and a significant number of third-party official ‘unannounced’ visits from government authorities and customers to audit compliance with welfare legislation. Examples include:

- Together, veterinarians and producers must establish up to three focus areas for animal welfare for a single herd, where specific objectives and action plans must be established.
- Denmark does not permit iron chains to be used as enrichment material
- There must be sprinkling systems in all units for pigs above 20kg
- Denmark is the only country in the world to set a target for loose-housed sows in the farrowing unit, with a target of 10% by 2020

Welfare Outcome Measures, UK Welfare pigs: Danish Crown Denmark 2018*						
Plant	Slips at Unloading	Falls at Unloading	Lameness	Killed at reception	Overnight Lairage	Skin Lesions
1	0.02%	0%	0.02%	0.10%	0%	0.1%
2	0.05%	0.02%	0.02%	0.09%	0%	3.1%
3	0.04%	0.01%	0.01%	0.06%	0%	2.0%
4	0.23%	0.04%	0.07%	0.01%	0%	1.3%
* Sample data						

Average livestock transport times		
Tulip Ltd (UK)	Pigs	4 hours

Danish Crown Beef (Denmark)	Cattle	2 hours
Danish Crown Pork (Denmark)	Pigs	3 hours
Germany	Cattle	5 hours

Antibiotic Controls in Denmark

Denmark is among the lowest users of livestock antibiotics of all the major pig producing countries and its systems are held as an exemplar for others, the most recent example of which is a Food & Agriculture Organisation report published earlier this year (attached).

Unlike many other countries, Denmark separated veterinary advice from sales of medicines back in 1994 and introduced the VETSTAT system in 2000 that records all sales of livestock antibiotics. With this as a foundation, Denmark introduced the Yellow Card scheme in 2010 that set levels of consumption, above which penalties and other requirements would be applied. Such is the continued drive to lower usage, this level has been lowered four times since its introduction.

Antibiotic consumption for Danish pigs continues to decline. In Q1 2019, consumption calculated in doses per produced pig from birth to slaughter fell by 5.6 per cent compared to the same period in 2018.

SEGES Danish Pig Research Centre publishes the consumption of antibiotics in Danish pig production on an ongoing basis, with consumption continuing to decline.

In addition to a decline in antibiotic consumption, the amount of medicinal zinc is declining too. In fact, by no less than 14.2 per cent in Q1 2019 compared to the same period last year.

	Antibiotics per produced pig from birth to slaughter		Total antibiotic consumption	
	Dose	Grams	Number of doses (million)	Tonnes active material
Q1 2018	272.8	2.90	1,818	19.6
Q1 2019	257.5	2.72	1,709	18.4
Change in % in relation to Q1 2019	-5.6 %	-6.2 %	-6.0 %	-6.4 %

Unilaterally, the Danish pig industry introduced a voluntary ban on the use of cephalosporins in 2010, as well as banning the use of colistin and fluoroquinolones in livestock production.

Investing to improve

Danish Crown seeks to support and deliver continuous improvement across its supply chains and invests in research in many areas to better advise and to drive performance. In partnership with industry organisations and universities, recent examples include an investigation of ten freedom farrowing systems to analyse performance, and the development and introduction of the Danish government 3 Hearts welfare scheme.

- **New certification of sustainable pig production on the way**

The aim of the programme is to work with farmers to raise the standards of conventional production so that all pigs supplied to Danish Crown meet a number of sustainability parameters. Initially, the programme covers pigs supplied by Danish cooperative members. At the same time, the certification is intended to help increase the transparency around farming. We have therefore held stakeholder workshops with researchers, farmers, NGOs, customers, chefs and sustainability specialists to listen to their wishes and recommendations on how a sustainable pig should be reared.

In order to be certified, the farmer must work in a targeted and systematic manner to ensure continuous improvements. Targets and initiatives must be defined for all the key sustainability parameters such as environmental and climate impact, working conditions, animal welfare and business ethics. Examples of parameters include feed content, medicine use, mortality of sows, piglets and slaughter pigs, and vocational training schemes for employees. In addition, the farmer must continuously monitor and report on performance and progress to Danish Crown and will be audited every three years by an independent third party. The programme is voluntary for farmers, but our ambition is for 90 per cent of Danish cooperative members and suppliers of pigs to Danish Crown to be certified by the end of 2019.

- **New transportation agreement for cattle improves animal welfare and reduces infection risk**

In April 2018, we entered into a new agreement for the transportation of cattle to Danish Crown Beef's abattoirs in Denmark. The new agreement introduces the concept of 'readiness for collection' and means that the farmer must segregate the animals to be collected from the herd so that they are ready when the haulier arrives.

Preventing contact between the transport vehicle and its driver and the cow shed reduces the risk of spreading infection via, for example, the transport vehicle's tyres or the driver's rubber

boots. Quick loading of the animals onto the transport vehicle is also gentler and less stressful for them. This is good for both animal welfare and meat quality.

To date, it is primarily the large farms that have signed up for the scheme, which covers about 20 per cent of the animals supplied. The aim is for all cattle suppliers to Danish Crown Beef in Denmark to join within a number of years.

- **Tail docking**

In our Tulip business in the UK, a proportion of BQP's outdoor production is not tail-docked and research into tail biting, including genetics and behavioural monitoring, continues

- **Farrowing Crates**

Farrowing crates are widely used as the most viable system to optimise the welfare of both the sow and piglets. However, Danish Crown has been a key partner in the consideration of alternative systems.

Together with SEGES and Danish academics, Danish Crown has been a participant in research into the performance of ten different free farrowing systems. This will provide important information to Danish farmers as they consider adopting these systems. Wider Danish research in this area has also involved dialogue with organisations including the RSPCA and CIWF.

Danish Crown was also a key partner in the development and launch of the Danish 3 Hearts scheme (Bedre Dyrevelfærd) that sets out a range of enhanced welfare requirements. The base level (1 Heart) permits the confinement of the sow for up to 4 days post-farrowing, for 2 Hearts confinement is up to 2 days, and for 3 Hearts no confinement is permitted.

The scheme is in its early days but consumer response in Denmark has been encouraging.

- In May 2019, Danish Crown formed an Animal Welfare Network Group. The stated aim of this group is to deliver certification of animal welfare at all slaughterhouses across the group, and a new training programme in animal welfare at our Danish abattoirs was initiated in 2018, in which all employees working with live animals must participate every three years.

- In the UK, Tulip is participating in a project with an industry organisation and a university that is looking at Low Atmosphere Pressure Stunning