

Danish Crown

Statement on Modern Slavery Act

2017/18

Introduction

Danish Crown supports the UK Modern Slavery Act 2015 and its objective to eradicate forced labour and human trafficking.

Danish Crown is among the largest producers of meat products in the world and thus holds an important corporate social responsibility. We strive to live up to this responsibility throughout the group by managing our business in a profitable and sustainable way and by integrating social, environmental and ethical considerations in our production and processes. This includes improving business practices to combat modern slavery.

This statement sets out our group activities to understand, prevent and mitigate all potential modern slavery and human trafficking risks related to our business and supply chain. It covers all companies within the group and relates to actions during the financial year 1 October 2017 to 30 September 2018. Our UK company, Tulip Ltd publishes its own annual statement under the UK Modern Slavery Act, which covers its local business activities.

Business structure and supply chain

Danish Crown is a global food company originating from Denmark. Our company comprises four business areas: Agriculture, which rears the animals; Fresh Meat, which slaughters the animals; Foods, which processes the products; and Casings, which sells casings worldwide. We have production sites in Denmark, Poland, Germany, Sweden and the UK and our markets include the food industry, retail, foodservice and the pharmaceutical industry.

The company is a cooperative society and 100 per cent owned by 6.830 Danish farmers who supply pigs and cattle to the company. In line with the cooperative model, the cooperative owners have the right and obligation to deliver the animals to the company, and our job is then to slaughter, process and sell the animals into the marketplace at the highest possible price for the farmer. Our revenue in 2017/18 was DKK 61 billion.

In 2017/18, we received 23 million pigs and 0.9 million heads of cattle for slaughter in total from our cooperative members in Denmark and from local farmers in the UK, Poland, Sweden and Germany. Furthermore, Danish Crown has huge number of suppliers within raw materials, consumables, processing equipment and other services.

We have more than 28,000 employees worldwide representing 80 different nationalities. More than half of our employees are unskilled workers. As a food manufacturer working with an inherent

daily production quantity variation we rely on contract labour at some production sites.

Risk assessment

With respect to modern slavery and human trafficking, we consider the following activities within our business and supply chain to be high-risk areas:

- Workers employed at the farms supplying pigs and cattle.
- Suppliers in our supply chain where we do not have direct management control.
- Contract labour hired at some of our production sites.
- Suppliers of transportation, logistics and construction services.

Policies and commitments

Danish Crown respects international human rights, including labour rights and recognises our ability to influence our supply chain. We are committed to work consistently to combat any kind of modern slavery in our business and our supply chains and our CSR ambition is to contribute to the fulfilment and promotion of the UN 2030 Sustainable Development Goals.

International agreements lay the basis for how we conduct our business in a responsible and transparent manner. We observe and support several initiatives of relevance to the Modern Slavery Act:

- UN Global Compact
- UN Guiding Principles on Business and Human Rights
- The Universal Declaration of Human Rights
- The ILO Declaration of Fundamental Principles of Rights at Work

Governance structure and processes

We have the following governance structure and processes in place to help us identify, assess and address human rights risks and impacts:

- A group sustainability function lead, develop and coordinate the overall sustainability activities and report on progress across the group. This ensures internal and external cooperation on CSR.
- A CSR board ensure that the CSR efforts form an integral part of our business operations. Our Group CFO chairs the board and members include CEOs from four business units, SVP HR, VP Group Communications, Agriculture Director Tulip Ltd and Director Group Sustainability.
- A global procurement function sets the direction for procurement in Danish Crown and the implementation of a group wide supplier management system will ensure that CSR issues, including human rights, modern slavery and human trafficking, are subject to due diligence across the procurement functions.
- A HR partnership structure ensures a close relationship from headquarters to employees

around the world. This means that all business units have access to knowledge and expertise about both strategic and operational HR issues, including our commitments to protect labour rights, ensure healthy and safe workplaces for all workers, including migrant workers.

- Our HR management procedures ensure that all employees are recruited lawfully, and we work closely with unions to ensure compliance. To the extent it is legally acceptable, we demand permits of residence and work permits from our employees to ensure that they live and work legally in the country in question.
- We work systematically to create healthy and safe workplaces with a strong focus on preventing accidents. Our occupational health and safety procedures enable us to identify discrimination and the like. Danish Crown Pork's seven facilities in Denmark are certified in accordance with the OHSAS 18001 management system.

Awareness and training

Awareness-raising and training are important elements to embed Danish Crown's policies and procedures for protecting international human rights, including labour rights, and for preventing slavery and human trafficking at our own facilities as well as in our supply chains.

We plan to further increase awareness and training of all relevant procurement staff.

We will support our suppliers in understanding and implementing the needed standards for improving labour rights and working conditions, including measures for preventing slavery and human trafficking.

Key actions 2017/2018

In 2017/18, we took the following actions relevant to the Modern Slavery Act:

- Conducted a CSR risk mapping at 51 of our production sites covering the business units in our Fresh meat, Foods and Casings divisions in Europe. The largest global platform for managing and sharing responsible sourcing data on supply chains, Sedex, was used to assess our existing policies, procedures and governance structures on human rights and labour standards, health and safety, environment, business ethics and anti-corruption as well as supply chain management. The CSR risk mapping will be repeated on all production sites on an annual basis and will contribute to our yearly materiality analysis and inform our measures to ensure compliance with our CSR policy at all our production sites.
- Prepared a new Supplier Code of Conduct that requires suppliers in all parts of the supply chain to adopt policies and procedures that respect human rights and labour rights and to set up a system for assessing, handling and reporting on the risks of infringing such rights. The Supplier Code of Conduct will be implemented stepwise during the period up until 2021.
- Prepared a new Code of Conduct for all the group's managers and employees that will be launched in 2019. It clarifies our stand on human and labour rights and gives us a set of common rules to guide us in our actions and decisions.
- Implemented a CSR due diligence process in acquisitions and in 2019. We will roll out

further due diligence processes for managing risks of corruption and any negative impacts on human rights in the areas where we have production and facilities.

- Developed a new certification programme for sustainability performance management and transparency in pig production, which include an assessment of working conditions. 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.
- Rolled out a global occupational health and safety system in Denmark. The system strengthens the group's monitoring of its efforts to improve the working environment and formalise how we work across national borders. The system will be introduced in Sweden, Germany and the UK in 2019 and in Poland in 2019/20.
- Prepared a group policy and practical guidelines on protecting the personal data of employees, customers, suppliers, owners and consumers in accordance with the EU General Data Protection Regulation (GDPR). Our efforts to ensure GDPR compliance will continue in 2019.
- Adopted a declaration on labour rights and human rights in the transport sector in cooperation with actors in the Danish sector. The declaration commits transport service providers to ensure and maintain reasonable social standards for own employees as well as for employees of subcontractors. The declaration includes specific obligations regarding the protection of health, safety and rights at work and the living conditions where employees are accommodated for short or long periods, as well as general terms of employment, including contractual terms and remuneration.

More insights

You can find more information on our business and conduct in our Annual Report 2017/18, in our CSR Report 2017/18 as well as on our website, danishcrown.com.

Approval

This statement has been approved by the Chief Financial Officer of Danish Crown on behalf of the Board of Directors and will be subject to annual review.

Valid for: Danish Crown

Owner: Director, Group Sustainability

Approved: Corporate Financial Officer

Approval date: December 20, 2018