

20 December 2019

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Corporate HQ**

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Danish Crown

Statement on Modern Slavery Act

2018/19

Introduction

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

Danish Crown is among the largest pork processing companies 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, processes and value chain. 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 2018 to 30 September 2019. During 2018/19, we divested our UK company Tulip Ltd, which is not included in this statement.

Business structure and supply chain

Danish Crown is a global food company originating from Denmark. Our company engages in four main activities: 1) Agriculture, which covers the rearing of animals by farmers; 2) Fresh Meat, which covers slaughtering of animals, processing of the meat and sales of fresh meat; 3) Foods, which covers the processing and packaging of meat for direct consumption; and 4) Casings, which covers the use of the by-products of pig production.

We have our main production sites in Denmark, Poland, Germany, Sweden and the UK and our products are sold to retailers, food producers, the food service segment and pharmaceutical industry in approximately 130 countries worldwide.

6,426 farmers are cooperative members of Danish Crown – they own the company. Our job is to process and sell the meat on the world market in a way that ensures that the farmers are paid the highest possible price for their supplies. Our revenue in 2018/19 was DKK 57 billion.



In 2018/19, we received 19 million pigs and 0.9 million head of cattle for slaughter in total from our cooperative members in Denmark and from local farmers in Poland, Sweden and Germany. Furthermore, Danish Crown has more than 17,400 suppliers within food raw materials, goods for operations, plant and technology supply and other services.

We have 22,979 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 sustainability 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 a number of 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 assesses and address human rights risks and impacts as well as to facilitate the implementation of sustainability decisions into our core business:

- A Group Chief Operating Officer function is responsible for



delivering on our sustainability strategy and goals. This ensures a quick and agile decision-making process and progress in direct contact with all business units.

- Our Senior Management Group defines our sustainability ambition and strategic direction, prioritises engagements and reports to the Danish Crown A/S Board of Directors on our progress.
- A Group Sustainability function leads, develops and coordinates the sustainability activities and reports twice annually to the Senior Management Group on key sustainability issues as well as opportunities and challenges for progress. The function provides support for all governance levels and organises annual Business Review meetings with all business units to discuss the implementation of our sustainability strategy.
- A HR partnership structure covering 90 per cent of the global organisation 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 in order 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.
- On a regular basis, we conduct a sustainability risk mapping at our production sites using the Sedex self-assessment questionnaire. The questionnaire is based on international standards for Social Accountability (SA 8000), Environmental Management (ISO 14001), Occupational Health and Safety Management (OHSAS 18001) and Ethical Trading (ETI Base Code). The risk mapping informs our measures to ensure compliance with our CSR policy at all our production sites, including our commitment to respect international human rights.
- A Group-wide Code of Conduct clarifies our stand on human and labour rights and provides a set of common rules to guide employees on expected behaviour and decision-making.
- We work systematically to create healthy and safe workplaces with a strong focus on preventing accidents. Our global occupational health and safety system enables us to identify discrimination and the like.
- A group procurement function sets the direction for procurement in Danish Crown and the implementation of a group wide supplier management system ensures that sustainability issues including human rights, modern slavery and human



trafficking, are subject to due diligence across the procurement functions. Our Supplier Code of Conduct 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.

- We have adopted a declaration on human rights and labour rights in the transport sector, which commits transport service providers to ensure and maintain reasonable social standards for own employees as well as employees at any subcontractors. The declaration includes specific requirements 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. It has been implemented in Denmark and is planned for further roll-out in the group.

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 preventing slavery and human trafficking at our own facilities as well as in our supply chains.

We have ongoing compliance trainings for our employees and we are in the process of establishing a whistleblower function to strengthen our internal compliance culture.

We ensure that our procurement staff have the necessary skills to support our suppliers in understanding and implementing the requirements in our Supplier Code of Conduct. This includes measures for improving labour rights and working conditions, as well as preventing slavery and human trafficking.

We wish to engage closely with suppliers who can help us achieve our sustainability goals. Our new supplier management system allows us to identify suppliers that may be interested in closer cooperation. We plan to create a community of key suppliers where we can co-create innovative solutions and support each other in continuously improving our sustainability performance.

Key actions 2018/2019

In 2018/19, we took the following actions relevant to the Modern Slavery Act:

- Reviewed and strengthened our governance structure in view of our climate ambition and sustainability strategy. This include additional manpower and specialist expertise for our Group



Sustainability function.

- Started the stepwise implementation of our Supplier Code of Conduct which is an ongoing activity towards 2021. Initially, we have prioritised suppliers of food ingredients, packaging and other products that are used directly in, or are in contact with our products.
- Started the implementation of our new Group-wide Code of Conduct which has included engagement with our business unit management teams and top 50 managers. We are also developing awareness films on potential dilemmas as well as a mandatory e-learning programmes. We aim to start the roll-out of selected themes in 2019/20.
- Enrolled 90 per cent of pigs from our cooperative members in our new sustainability certification programme for pig production - the Climate Track - which include assessment of working conditions. Next step will be to include our contract production in the programme.
- Rolled out our global occupational health and safety system in Sweden, Germany and the UK. In 2019/20, we will also enrol Poland to cover all our production sites. The system formalises our work across national borders and ensures uniform registration of work-related injuries and other incidents. It allows us to monitor developments much more closely than we have done before, resulting in an improved health and safety culture.

More insights

You can find more information on our business and conduct in our Annual Report 2018/19, in our Sustainability Report 2018/19 as well as on our website, danishcrown.com.

Approval

This statement has been approved by the Group COO (Vice CEO) of Danish Crown A/S on behalf of the Board of Directors and will be subject to annual review.

Valid for: Danish Crown A/S

Owner: Monica Klepp Bjerrum, Director Sustainable Development & CSR

Approved: Preben Sunke, Group COO/Vice CEO

Approval date: 20. December 2019