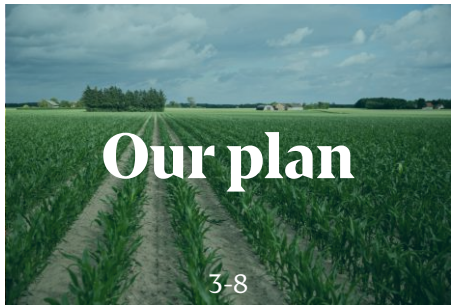

Danish Crown
Climate Roadmap towards 2030
2023/24

Content



Our plan

Our Climate Roadmap towards 2030

In today's rapidly changing world, it is essential for businesses to be aware of the global megatrends shaping our society. These megatrends have far-reaching implications for industries, economies and the environment. By understanding and adapting to these trends, we can position ourselves for long-term success and be part of the climate transition. Climate change significantly influences our industry and the agricultural sector, and it is without doubt that our business activities also impact the environment.

Climate Roadmap towards 2030

Our Climate Roadmap towards 2030 consists of different targets and actions; and is formulated in an emission reduction roadmap consistent with the 1.5° ambition of the Paris Agreement. Our primary focus towards 2030 will be on reduction of absolute emissions which does not include any offsetting.

Our targets

16%

Today, we have reduced our scope 1 and 2 CO2e emissions by 16% in absolute* reduction since 2020.

42%

We will reduce the CO2e emissions in scope 1 and 2 in absolute reductions by 42% in 2030 (relative to 2020).

Progress | Target

8%

Today, we have reduced our scope 3 CO2e emissions by 8% per produced volume** since 2020.

20%

We will reduce the CO2e emissions in scope 3 by 20% per produced volume in 2030 (relative to 2020).

Better food. Brighter future.

Waste
We aim to reduce the volume of waste from our production facilities that is suitable for incineration by 40% by 2029/30 relative to 2020/21. We also aim to recover 80% of our waste by 2029/30.

Deforestation- and conversion-free soy
100% deforestation- and conversion-free soy used for feed for Danish suppliers of slaughter animals by calendar year 2025. Until 2025, we buy Roundtable on Responsible Soy (RTRS) certified soy.

Climate Track
100% of our Danish suppliers of pigs and producers of 'Dansk Kalv' are part of the Climate Track, and likewise are 85% of our Swedish suppliers of pigs and 15% of our German suppliers. By 2025, all our suppliers from Poland, Germany and Sweden will be a part of the Climate Track. Further information on the Climate Track programme can be found on page 14.

Animal welfare
We aim to ensure that all animals in our care are treated as sentient beings and with respect and decency throughout their lives.

* An absolute target aims to reduce GHG emissions by a set amount.
** An intensity target is a normalized metric that sets an organization's emissions target relative to an operational variable.

Our near-term ambition

Addressing climate change is a fundamental aspect of Danish Crown's corporate and sustainability strategy. At Danish Crown, we are working together with our farmer owners and other suppliers of livestock to create food that makes a difference. To do so, we are dedicated to developing roadmaps to meet our commitments and our sustainability strategy.

Through different efforts, we aim to distinguish ourselves through transparency, dedication and commitment.

We believe that delivering on our sustainability targets is essential for the future of our business. Our sustainability strategy addresses key impacts, risks, and opportunities in our value chain from farmers and our own production to customers and consumers.

At Danish Crown, we work systematically and persistently to drive our industry in the right direction. We fully recognise that our license to do so rests on adopting international sustainability principles and responsible business behavior.

External validation of our targets

In 2021 we committed to the Science Based Targets initiative (SBTi) as one the first companies in our industry. SBTi has since then assessed and validated our targets, against the SBTi requirements, concluding they are consistent with the Paris agreement.

Our near-term targets are broken down into sub-targets for scope 1, 2 and 3 emissions based on detailed mapping of all significant greenhouse gas (GHG) emissions throughout our value chain.

Our SBTi approved targets are:

- 42% reduction in absolute scope 1 and 2 GHG emissions by 2029/30 from a 2019/20 base-year. This target covers 100% of Danish Crown's scope 1 and 2 emissions.
- 20% reduction in scope 3 GHG emissions per kg of output produced by 2029/30 from a 2019/20 base-year. This target covers approximately 88% of Danish Crown's scope 3 emissions[1].

During the calendar year 2024 we are developing our SBTi FLAG target in line with SBTis guidance on land-based emissions. The target will be presented when it have been validated and approved by SBTi.

[1] Some business activities that are not representative of Danish Crown's overall production (e.g., lamb and selected part of our business in Sokołów, DAT-Schaub and ESS-FOOD) and/or represent only a minor share of our climate impacts were not included in the final scope 3 target. The target addresses 88% of the base-year scope 3 emissions, which is above the minimum ambition requirements at 67% for the physical intensity approach.

Baseline and methodology

Achieving the Paris Agreement's climate targets demand a transformative global shift toward reducing emissions and transitioning to net-zero carbon output. In order to achieve these reductions, it is important to have a standardized approach to calculating companies' climate footprint.

The GHG Protocol Corporate Standard provides standards and guidance for companies and other types of organizations preparing a GHG emissions inventory. It covers the accounting and reporting of the six greenhouse gases covered by the Kyoto Protocol.

An effective corporate roadmap for climate reduction emission requires a detailed understanding of a company's GHG impact. The definition of GHG emissions typically refer to the World Resources Institute (WRI) and relevant standards from World Business Council for Sustainable Development (WBCSD), which classifies emissions according to three scopes. Scope 1 includes direct on-site emissions. Scope 2 includes indirect on-site emissions (e.g. purchased electricity). Scope 3 which includes upstream and downstream emissions in the value chain outside a company's own operations.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The Science Based Targets initiative (SBTi) is a partnership between Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). It is the lead partner of the Business Ambition for 1.5°C campaign – an urgent call to action from a global coalition of UN agencies, business and industry leaders, mobilizing companies to set net zero science-based targets in line with a 1.5°C future. The SBTi defines and promotes best practice in emissions reductions and net-zero targets in line with climate science.

GHG baseline

At Danish Crown, we will reduce our global scope 1 and 2 CO_2e emissions by 42% by 2030 compared to base year 2020. This corresponds to approx. 150,000 tonnes CO_2e.

By reducing our global scope 3 CO_2e by 20% in 2030 compared to base year 2020 Danish Crown will reduce more than 2 million tonnes of CO_2e.

We estimate that our total annual value chain GHG emissions (scope 1, 2, & 3*) are approx. 12 million tonnes of CO_2e.

Of these categories, Danish Crown's scope 1 emissions cover our own production facilities, including fuels used for stationary installations on site (natural gas) and vehicles (diesel). Emissions related to dry ice and CO_2 used for anaesthesia as well as the global warming potential of purchased refrigerants are also included in scope 1.

Our scope 2 emissions are indirect GHG emissions from secondary energy, mainly electricity.

Our scope 3 emissions* are emissions that we are responsible for indirectly through our value chain. All farm level GHG emissions are included in category 1. This category accounts for the majority of our scope 3 emissions and includes the full value chain emissions from animal production. In addition, we have measurable impacts in the following categories: 2 (capital goods), 3 (fuel and energy related activities), 4 (upstream transportation), 5 (waste generated in operations), 6 (business travel), 7 (employee commuting), 9 (downstream transportation), 10 (processing of sold products), 12 (end-of-life treatment) and 15 (investments).

* Note that parts of scope 3 emissions for Sokołów, DAT-Schaub and ESS-FOOD are not included.

Risks and opportunities

At Danish Crown, our work with sustainability is guided by our strategy and our double materiality assessment (DMA). Our DMA guides our work on sustainability by identifying our most significant Environmental, Social and Governance (ESG) impacts, risks and opportunities (IROs), both in our own operations and our value chain. We use the conclusions to prioritise our sustainability efforts and reporting.

The DMA process consists of four main steps. The first involves understanding our business context, which includes an examination of our business model, value chain, and stakeholders. The second step is the identification of IROs, where we focus on activities and business relationships with a high risk of adverse impacts. In the third step, the materiality of each identified IRO is rated based on a set of criteria. The final step is validation, where we ensure that the overall assessment of material versus immaterial IROs is consistent and reflects reality. The validation step includes calibration by the working group, consultation of selected external stakeholders and approval by our Audit and Risk Management Committee.

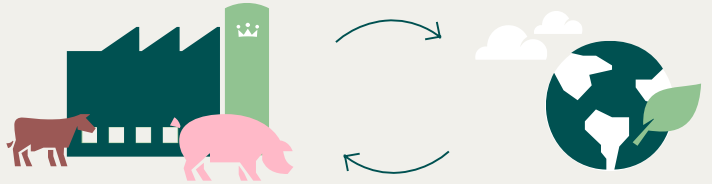
To assess the materiality of the impacts identified, we estimate their severity and likelihood using a combination of data, subjective evaluations, and proxies for materiality such as the attention a topic gets from key stakeholders.

To help identify potential IROs, we have analysed external stakeholder requirements and expectations using both in-house analysis and external sustainability frameworks and ratings such as Sedex, EcoVadis, Sustainalytics, Carbon Disclosure Project (CDP) and Science Based Targets initiative (SBTi). We also take account of existing and coming national and EU legislation, questionnaires and enquiries coming from customers worldwide and our ongoing dialogue with research institutions and universities, NGOs, trade associations, etc.

In addition, risks are identified and assessed through our enterprise risk management process, in which ESG risks are integrated.

In the future we will work on strengthening our risk assessment by including scenario analysis.

Material topics according to our 2023/24 materiality assessment



Danish Crown

Environment
Climate change
Water
Biodiversity
Resource use
Animal welfare

Social
Own workforce
Value chain workers
Food safety
Health and nutrition

People and Environment

Governance
Business conduct

Our plan

We take a systematic approach to environmental challenges and are committed to reduce GHG emissions from both our operations and our value chain.

We strive to manage our business in a profitable and responsible way, and we integrate social, environmental, and ethical considerations in our production and processes throughout our value chain by following Danish Crown's Environmental, Social and Governance (ESG) Policy.

Danish Crown's approach to sustainability covers activities within our operations, our value chain, and our brands, as well as our influence on wider society.

To reach our 2030 reduction milestone, we focus on four key areas in our plan that creates an overview of how we will implement reductions in both scope 1, 2 and 3.

- **We will invest into long-term solutions to decarbonise our energy consumption**
- **We will develop detailed roadmaps to reduce our relative farm-level emissions and engage farmers through the Climate Track programme**
- **We will work with our logistics providers to reduce the climate impact of our logistic activities globally**
- **We will engage with key suppliers of packaging and ingredients to drive reductions**

For each of the four key areas in Danish Crown's roadmap towards reducing our climate emissions there are several activities these are introduced in the following pages). Some of the activities hold large reduction potentials and some less. Some are difficult to implement, while others are more easily implementable. When all activities come together, they set the course for the future for Danish Crown related to reducing our CO2e emissions.

Production

Decarbonise our energy consumption and investigate future biogas options

Farm level

Engage farmers to reduce farm level emissions from animals in Denmark, Sweden, Germany and Poland

Logistics

Work together with our logistic providers to deliver CO2e emission reductions

Sourcing

Engage with our key suppliers to jointly drive reductions

Our production

Our production

Scope 1 and 2

We have set ambitious targets for reducing greenhouse gas (GHG) emissions from our production, and a key part of achieving these targets is to increase the use of renewable energy* and find alternative transport options to those we use today.

In 2022/23 our scope 1 and 2 emissions decreased by 16% compared to 2019/20.

To move towards our 42% reduction target in our production (scope 1 and 2) by 2030, we follow our Science Based Targets initiative (SBTi) approved roadmap, which includes activities and sub-targets defined for our own production. These sub-targets serve to breakdown our overall targets into business unit-level targets. Based on this decentralized approach, our business units each uphold their own responsibility to contribute to Danish Crown meeting our targets. This makes the targets more attainable and tailored to those areas of the business where we can improve the most.

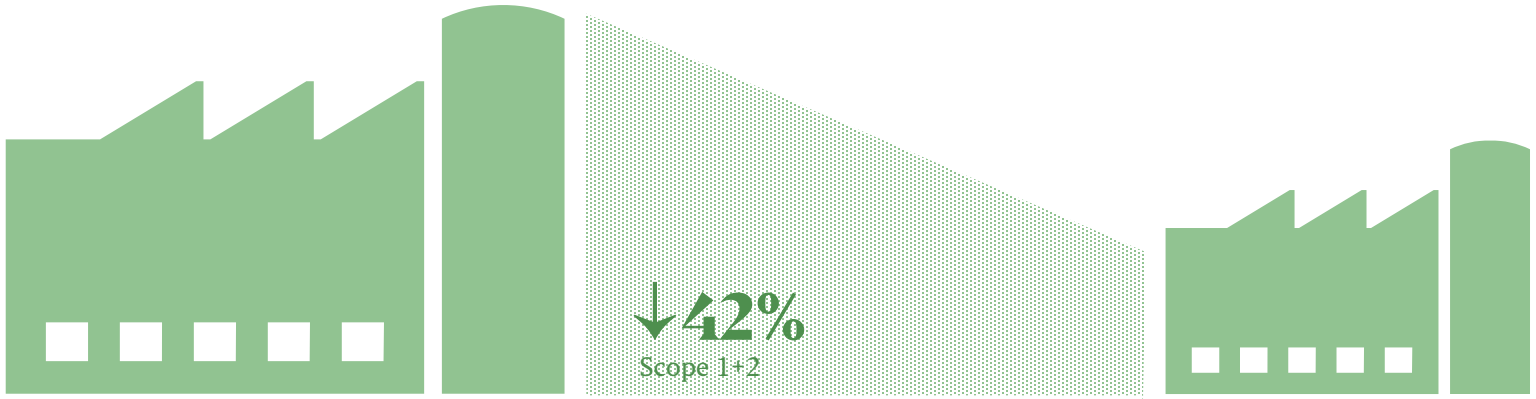
Energy

Efficient resource utilisation and circular solutions are vital to reduce GHG emissions and provide sufficient food for the world's growing population. All production facilities continually work to optimise production processes and reduce energy consumption and GHG emissions.

In terms of environmental impact, our electricity consumption accounts for more than half of our scope 1 and 2 GHG emissions, where natural gas makes for approximately 30% of it.
In 2022/2023 renewable electricity accounted for almost 9% of our total electricity consumption and basing more of our electricity consumption on renewable energy is a key priority, which requires significant investments.

Danish Crown engages in many partnerships and innovative activities to keep reducing our scope 1 and 2 emissions related to energy:

- Conducting environmental impact assessment for the erection of wind turbines and investing in installing solar cells and solar panels as we did in one of our DAT-Schaub sites in Portugal and several Sokołów sites in Poland, to produce the bulk of the electricity needed for production during the daytime.
- Enhancing on-site infrastructure. In Sokołów we will deploy heat recovery systems that allow reductions in electricity consumption. A further example are the steam and gas boilers at our facility in Haarlem, the Netherlands, that will be replaced with heat pumps.
- Reducing energy consumption and decarbonizing our electricity by participating in projects where we investigate if food products can be cooked using ohmic heating (an electrical process which uses significantly less energy than today's steam boiling).
- Concluding a strategic agreement with *the biogas company Bigadan* where Danish Crown sells its biomass in return for access to biogas, biofuels, food-grade CO2, origin guarantees, and more.



SBTi target on scope 1 and scope 2 emissions

*Renewable energy is energy derived from natural sources. Renewable energy sources can include geothermal, wind, solar, hydro, and biomass.

Our value chain

Our value chain

Since 2019/20, more than 95% of our emissions comes from our value chain (scope 3), with more than 85% coming from the goods and services we purchase (the majority being farm level emissions). The remaining part of our scope 3 emissions comes from categories like packaging, logistics and sourcing.

Our focus has been to optimise emission calculations for these areas, with a special attention to the animals included in our production. As well as developing roadmaps that will help reduce emissions to meet our Science Based Targets initiative (SBTi) scope 3 targets.

Compared to our 2019/20 baseline scope 3 emissions per output have decreased by 8% in 2022/23.

The changes in total emissions, emissions intensity, and progress towards our SBTi targets reflect the developments described in our annual report as well as in this Climate Roadmap towards 2030.

2% Packaging material and ingredients sourcing

- Emissions from raw material purchase
- Major raw material sources are fossil fuels (for plastic) & wood pulp (for paper and board)
- Emissions from converting raw packing materials into final packaging

5% Other category

- Sourced meat
- Business services
- Facility services

1% Capital goods

- Emissions for production of purchased capital goods

3% Processing

- Emissions from converting raw agricultural items into finished food items

2% Transport

- Emissions from transport of food, items, locally & internationally

6% Others

- Capital goods and services
- Fuels
- Others

55% Animal feed

- Emissions from crop production (on farm), and its processing into feed for livestock
- Fertiliser and manure land application
- Purchased feed
- Land-use change

26% Farm

- Housing and manure storage
- Emissions from enteric fermentation

0% Retail

- Emissions from lighting, space conditioning, refrigeration and other retail processes

1% End of life

- Emissions from disposal of consumer packaging

Scope 3 | Scope 1+2 | Scope 3

Scope 1
Direct CO2e emissions from primary energy at our production facilities e.g. natural gas.

Scope 2
Indirect CO2e emissions from secondary energy e.g. electricity.

Scope 3
Indirect CO2e emissions at farm level and the rest of our value chain.

Note: The calculations are based on the 2021/22 scope 3 inventory and exclude parts of ESS-FOOD, DAT-Schaub and Sokołów for scope 3 emissions. Numbers are approx. and have been rounded up.

Farm level

Farming in Danish Crown is focused on the welfare of animals, protecting livestock from harmful viral diseases and working with biodiversity. We provide our farmer owners with a tool that helps them work with these aspects, the Climate Track programme.

Over 85% of Danish Crown's scope 3 emissions originate from farm level. Our farmer owners are committed to resource-efficient farming practices and are continuously striving to improve their environmental impact. The extensive research and innovation required for substantial emission reductions at farm level is something we must achieve together.

Therefore, we help our farmer owners in reducing their GHG emissions and help them find initiatives to do that. That is why we have identified a list of initiatives for farm-level practices, and we are involved in different development projects together with experts to find new ways of reducing emissions at farm level. These are for instance:

- Working with selected farmer owners in Denmark and suppliers of livestock in Sweden, Germany and Poland on evaluating known reduction technologies.
- Optimising manure management, including increased use of manure for biogas.
- Testing flaring of methane gas collected from slurry tanks, which could reduce carbon emissions per kilo of pork by 10-20%. If the technology proves successful it will be rolled out across more farms in the coming years.
- Developing field technologies that ensure feed grain with a smaller climate impact.
- Increasing feed conversion efficiency at farm level through utilisation of data.
- Promoting deforestation- and conversion-free soy in feed.

Over 85% of Danish Crown's scope 3 emissions originate from farm level.

The Climate Track programme

In The Climate Track, farmer owners share their production data and other relevant details with us (such as housing system, manure management, feed composition and crops). In return, they receive personalised feedback on their performance compared to a Danish Crown national average, as well as input on key activity areas that can lower their GHG emissions.

The shared data is incorporated in our scope 3 calculations, which guides our efforts to reduce the climate impact at farm level. The data also means we can track of our animals all the way from farmer to end-product, adding transparency to our products. This is something that is used in our subsidiary, Scan-Hide, a hide business and front-runner in the leather industry. Scan-Hide leverages the data to offer full transparency in their leather products.

Animal Welfare

Danish Crown's guiding principle within animal welfare is that care and respect for animals is a cornerstone. As part of our sustainability strategy, we aim at improving animal welfare from farm to transportation to slaughtering across all markets.

We are guided by our Animal Welfare Policy, which outlines our position on animal welfare, including aspects as routine confinement, transportation, humane slaughter, use of antibiotics and growth promoters as well as animal welfare management and partnerships. None of our animals are subject to any genetic modification, growth promoters or cloning, as per our Genetically Modified Organisms (GMO) Policy.

We follow up annually on our progress in our Animal Welfare Position Statement and Welfare Outcome Measure Reporting. In addition, animal welfare requirements are set out in our Codes of Practice and comply with all relevant European and national legislation.

The strategy includes specific plans to increase the validity and effectiveness of our data collection on animal welfare, such as data on use of antibiotics and diseases and mortality collected by our farmer owners in the Climate Track, setting feasible targets and launching new projects to improve animal welfare.

Biodiversity

Our work on biodiversity is still in its development phase and has two focus areas: encouraging the use of deforestation- and conversion-free soy and palm oil in our supply chain and rolling out the biodiversity parameters of Climate Track to more farmer owners to strengthen our baseline for further development of our biodiversity work in the future.

To progress towards our commitments for biodiversity, Danish Crown committed to transition to deforestation- and conversion-free (DCF) soy in the Danish supply chains by 2025, to develop biodiversity maps for farmers to assess biodiversity at their farms and apply mitigation measures.

We joined forces with other members of the Danish Soy Alliance and WWF Brazil to work on a project called "Scaling Up Sustainable Soy Partnership". The project aims to ensure that producers in the Cerrado, Brazil, adopt more responsible production practices, and that financial institutions and downstream companies support a sector-wide DCF agreement to stop soy-driven land conversion. As part of the project, we have met with several relevant stakeholders (soy producers, government officials, indigenous people's representatives, local communities, NGOs, EU representatives) to express our commitment to DCF soy, and understand better how can we work collectively to encourage the transition of the soy industry towards more responsible production.

Partnering for future climate initiatives

We are involved in different development projects supporting the transition of agricultural production. We offer our expertise and maintain an open dialogue with our farmer owners and suppliers of slaughter animals to pilot innovative technologies and solutions that can effectively be integrated at the farms.
Among others, we engage in the following projects:

Nitrification inhibitors

Together with partners, we have launched a pilot project to investigate the use of nitrification inhibitors in feed grain cultivation. Initial tests have already demonstrated that the inhibitors can reduce CO2e emissions from pigs, and the goal of the project is to provide large-scale documentation of the effect. In 2022/23, 75 pig farmers with more than 20,000 hectares of land participated in tests as part of the project. Based on the results of these tests, the project will be evaluated, and next steps planned.

Carbon sequestration in the field

We are participating in a Danish research project which aims to increase carbon storage and reduce nitrate leaching and nitrous oxide emissions by creating multi-year pasture areas instead of annual crop rotations. After trials demonstrated that, as expected, standard arable crop rotations do not store carbon, the project will now focus on determining which types of crop and crop rotation contribute to higher storage of carbon.

Extracting grass protein

We are part of the Dansk Protein Innovation partnership and involved in its Bio Value research project to find a profitable method of extracting protein from grass. Some of our farmer owners have already tested grass protein as an alternative to soy in feed. The project is still in the process of finding ways to scale up production.

Methane capture

We are participating in several development projects to limit methane emissions from manure storage. In 2022/23, we began working with a partner on a project to conduct large-scale testing of flaring technology where methane gas from slurry tanks is collected and converted into CO2, which has a lower impact on the climate. Three farms are now in full production and more farmer owners are listed for implementing the technology on their farms.

Green Fertilizer Denmark

Danish Crown and other large Danish cooperatives in the agricultural sector have founded the Danish company, Green Fertlizer Denmark ApS, which will carry out a feasibility study to clarify whether there is a basis for establishing Danish production of alternative fertiliser.

Sourcing

We continue to work on responsible sourcing practices and on greater integration of Environmental, Social and Governance (ESG) considerations into our relations with suppliers.

We already have **Codes of Practice** in place for pigs, sows and cattle in Denmark and we plan to cover other livestock suppliers in Sweden, Poland, and Germany as well in the future. Our **Supplier Code of Conduct** is aimed at non-livestock suppliers. New and established suppliers are required to accept our Supplier Code of Conduct. In 2022/23, we had a total Supplier Code of Conduct acceptance of 80%, which is an increase compared to the previous year.

Furthermore, if a supplier supplies products that are critical for food safety, they must complete a self-assessment questionnaire every three years. To secure the highest standards within food safety, we also conduct an annual supplier risk assessment of suppliers who potentially could impact food safety. The risk assessment is our leading indicator for selecting suppliers for audit in the following year.

Both the Codes of Practice and the Supplier Code of Conduct are based on relevant legislation and recognised international standards for the environment, animal welfare, food safety and human and labour rights, including the elimination of child and forced labour. Both codes display our commitment to the International Labour Organization (ILO) conventions. To further increase transparency in our supply chain, in 2022/23 we started investigating programmes that can support us in categorising our suppliers based on ESG risk levels. We are also guided by our Responsible Procurement Policy, designed to ensure that our procurement practices align with best practices and is informed by international frameworks and guidelines.

As cooperation is key to achieving responsible supply chains for soy and palm oil, we are participating in several stakeholder initiatives in this area in Denmark and Sweden and are looking into joining the Dialogue Forum for More Sustainable Protein Feed in Germany.

Danish Crown

Our new target is for all farmer owners and other suppliers of slaughter animals to use

100%

deforestation-free soy and palm oil in feed from 2025.

Partnerships & Alliances

A single company cannot tackle the complex issues linked to soy and palm oil supply chains alone, therefore a major part of Danish Crown's strategy is to join forces with organiations working to stop deforestation and land conversion on a global and national scale.

Danish Crown is a signatory of the UK Soy Manifesto and a member of Roundtable on Responsible Soy (RTRS) and the Roundtable on Sustainable Palm Oil (RSPO) that promote the production, trade, and use of deforestation- and conversion-free soy and deforestation-free palm oil.

Danish Crown is an active member of local ethical trade organisations such as Ethical Trade Denmark and Ethical Trading Initiative Sweden and their initiatives on relevant commodities such as the Danish Alliance for Responsible Soy and the Swedish Platform on Risk Commodities. Members of the Danish alliance work with 13 principles for ethical trade, which are based on recognised international guidelines and legislation. We have committed ourselves to the ambitious targets set by these organisations and assigned specialists to actively engage in the organisations' work and efforts to transform the market.

Soy and palm oil

Danish Crown has a strong commitment to ensure that any deforestation linked to the feed of animals slaughtered or ingredients used in the company's processing activities is gradually eliminated.

We strengthened our targets for responsible sourcing in 2022/23 in view of the coming EU legislation on deforestation. Our new target is for all farmer owners and other suppliers of slaughter animals to use 100% deforestation-free soy and palm oil in feed from 2025 (not including credits).

In Denmark, the proportion of deforestation- and conversion-free (DCF) soy fed to slaughter pigs and sows has been increasing by 20% each year since 2021 and in Sweden all soy imported into the country has been deforestation-free since 2018.

The soy used as an ingredient in food production at group level is certified or verified deforestation-free.

Until we can fully establish DCF soy supply chains, we purchase credits to compensate the soy used by our farmer owners and Danish suppliers of slaughter animals. Each Roundtable on Responsible Soy (RTRS) credit represents one tonne of certified soy, ensuring it was produced without deforestation or land conversion.

The strategy for soy and palm oil as animal feed is country specific. This is due to different maturity levels of addressing deforestation and different ways in which livestock is supplied to the four countries Danish Crown operates in: Denmark, Sweden, Germany and Poland. When possible, Danish crown aims to set targets and commitments that are applicable to the whole group.

All palm oil consumed as feed within the company's Danish supply chain is covered with CSPKE (Certified Sustainable Palm Kernel Expeller) credits. We have reduced the amount of palm oil used in Danish slaughter pig and sow feeds by 50% in 2022.

Danish Crown has also a group-wide commitment to source only certified soy and palm oil products that are used as ingredients in the processing factories. Danish Crown sources only Roundtable on Sustainable Palm Oil (RSPO) certified palm oil, which is used in several factories in Denmark and Germany and soy that is Genetically Modified Organisms (GMO) free and Europe Soya certified.

Our progress

In Sweden, **100%** of soy fed to the livestock we source is already deforestation- and conversion-free.

In Denmark, **60%** of soy fed to the pigs and sows we sourced in 2023 was deforestation- and conversion-free.

In 2022, the amount of palm oil consumed by the Danish pigs and sows we sourced has been **halved**.

Logistics

At Danish Crown, our commitment is to provide logistics solutions that are focussed on reducing CO2e emissions. Currently, logistics is the second-largest source of scope 3 emissions.

Most of our logistics setup is operated by external service providers and is part of our scope 3. However, in some markets we have our own trucks, vans, and warehouses. These are part of our scope 1 emissions. Sea transportation accounts for the largest share of logistics emissions, closely followed by road transport.

A key part of achieving our ambitions is to increase our use of renewable energy sources, investigate transport options with low emissions and follow our CLEARPATH logistics programme*.

The Programme includes three steps:

- Measuring emissions and identifying potentials.
  - We have established overall reporting on our logistics scope 3 CO2e emissions adhering to the GHG protocol and the Global Logistics Emissions Council (GLEC) framework using well to wheel (WTW) data. We also review our key suppliers against a set of defined Environmental, Social and Governance (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.
- Challenging current ways of working 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.
- Driving changes and taking actions.

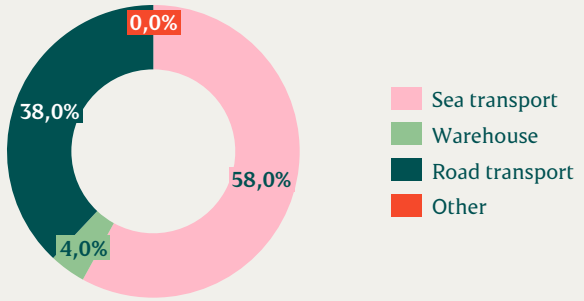
*The CLEARPATH logistics programme has in scope all Danish Crown companies with +50% ownership and not including transport of livestock nor logistics inside Danish Crown manufacturing sites

Actions

Some examples of the actions we have taken are concluding a multi-year agreement with a key logistics provider, which includes an increased commitment to reduce environmental impact. This resulted in immediate deployment of six electric trucks. Over the past year, we have been gathering insights and testing the technologies with the objective of identifying and resolving challenges, before further rolling out electric trucks. Our logistics provider is also exploring sea freight optimization strategies, such as 'slow steaming', which reduces fuel consumption through slower pace.

Furthermore, we enhanced transportation, for example our Swedish business, KLS, has worked on route optimization, and electric trucks have come into operation on some routes.

We launched a major logistics project to rethink and improve our transport solutions in terms of reducing CO2e. In a new partnership within logistics and food transport, a double-digit DKK million figure has been earmarked for innovative solutions to replace natural gas for our production facilities in Denmark and diesel for our trucks with biogas and other sources of energy created from our own biological waste.



Sources of Danish Crown's logistics emissions FY 22-23

Danish Crown has joined the 'Move to -15˚ coalition' of committed partners that work towards a transformation of the global logistics landscape, cut GHG emissions, save energy and lower costs by changing the temperature that frozen food is stored and transported at from -18˚C to -15˚C. If a feasible path to decrease the temperature is found, it will have a positive impact on our scope 3 emissions from logistics.

We have a long-term partnership with three large Danish companies to develop a transport corridor for food from Denmark to the UK which enables transport with a reduced climate impact compared to the transport options of today.

Waste and resource use

We will work closely with suppliers and waste management providers to continuously look for new ways to minimise, recycle and reuse our waste streams.

Innovative and circular solutions to reduce waste are key, and we are constantly looking out for new opportunities. For example, we have changed the palletisation of "kupan salami", saving around 1,000 transport pallets yearly.

Another example is our Haarlem facility and offices in the Netherlands, where in the financial year 2020/21 we have divided its waste into multiple waste streams, resulting in an increase in recovery rates. The facility has also partnered with a new local waste management supplier specializing in waste recovery that has recycling and waste incineration facilities with energy recovery near Haarlem, thereby reducing the transport time for the waste. Moreover, we are working with our Danish waste management company on ways to reduce waste and/or increase recycling.

We are also improving our data quality to make informed decisions about waste management and meet future regulatory requirements.

Food loss

As food company, we have a special focus on reducing food loos throughout our supply chain. If it is practically and economically viable to sell our by-products for human consumption, we ensure that our production process is organised in such a way that these parts of the animals are separated from the inedible parts and treated in a way that maintains product quality and food safety.

We aim to reduce the volume of waste from our production facilities that is suitable for incineration by

40%

by 2029/30 relative to 2020/21.

We have increased the share of waste that is recovered from 25% in 2021/22 to 28% in 2022/23, moving us closer to our target of recovering

80%

of our waste by 2029/30.

We take good care of our raw materials and engage in innovation and development activities to use as much as possible for edible products. For example, our production facility in Haarlem sells uneven bacon slices to Swedish and Danish food service customers at a reduced price. This year, this initiative has been supplemented by sales of uneven chilled bacon slices for the Swedish retail market.

Food waste

A significant part of food waste occurs when our products have left production facilities, and we are looking at minimising food waste in our downstream value chain, for example by:

- Working with Too Good To Go to prevent food waste in selected Sokołów stores in Poland
- Introducing the label "Look, Smell, Taste" from Too Good To Go on the packaging of, among others, two of our Mou soups
- Implementing the "best before" and "often good after" labelling for all new packaging for relevant products in Denmark, taking into consideration any potential health risks

Furthermore, we are a member of Danmark mod Madspild (Denmark against Food Waste), a voluntary agreement for companies and organizations that aims to halve food waste by 2030.

Packaging

Rethinking packaging is an important part of minimising the environmental impact of our resource use.

In 2022, we finalised a new packaging strategy with targets for reduction, recyclable materials, recycled content, certification and phasing out hard-to-recycle materials.

The strategy covers packaging across our value chain and all packaging categories from plastic to metal and paper-based materials.

We have set four main targets related to our packaging:

- We aim to reduce our packaging volume by **15%** per tonne produced by 2024/25 relative to 2020/21 and **30%** by 2029/30.
- We aim to ensure that **90%** of our packaging materials are recyclable by 2024/25 and 100% by 2029/30.
- We aim to ensure that **40%** of our plastic packaging materials are made from post-consumer recycled content in 2024/25 and 60% by 2029/30.
- We aim to use **100%** certified fibre packaging by 2024/25.

In 2022/23, our packaging volume remained stable at **27 kg** per tonne produced relative to 2021/22.

To achieve our targets, the following is in play:

- Introducing a new line for diced bacon at our production facility in Haarlem, the Netherlands, enabling a change from thermo foil trays to flow packs estimated to use 60% less plastic.
- Switching from trays to vacuum packed packaging for minced beef to reduce our use of plastic for this category by 65% while also increasing shelf life.
- Switching from black to green trays to improve sorting at recycling centers.
- Partnering with relevant suppliers in the development phase to co-create new packaging solutions and material compositions.
- Establishment of a Packaging Committee tasked with securing resources to effectively implement the strategy, signing off on major initiatives and reviewing performance.
- Development of packaging design guidelines. These are aligned with our packaging strategy and include recommendations to reduce the weight of packaging and where possible avoid content that can be a barrier to recycling.
- Implemented a life cycle assessment (LCA) tool for packaging and improved our data collection on packaging materials. We are further improving the data set-up, and when finalized, plan to implement our packaging strategy and supporting initiatives, including supplier relationship management programmes with key packaging suppliers.

60% plastic reduction in packaging of diced bacon

65% plastic reduction in minced beef packaging

Green trays to improve recyclability

Products

Danish Crown contributes to many meals each year through different products and sees an opportunity to become even more relevant for customers and consumers by offering safe, healthy and nutritious products.

Danish Crown's products contribute to around 43 billion meals each year, and we see better 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 consumers.

Together with our customers, consumers and other stakeholders, we are constantly working to identify and meet consumer trends and demands and to co-create new concepts in areas such as animal welfare and plant-based protein. Our range currently includes products with attributes that cater to consumer interests in six areas: climate footprint, animal welfare, lifestyle, organic production, packaging, and food waste.

Activities in the Six areas
Several activities are being taken regarding *food waste* and *packaging*, and as for the *lifestyle* area, we have a series of products that are labeled with the Nordic Keyhole meaning products contain less salt, sugar and fat; for *climate footprint* we carry out life cycle assessments to document CO2e emissions on selected products, and we regularly introduce plant-based and hybrid products into the range.

As for *animal welfare* and *organic production*, some of our products are part of special concepts, like Dansk Kalv which focuses on a higher level of animal welfare and has 2 out of 3 hearts in the Danish Governmental animal welfare label Bedre Dyrevelfærd and Friland which has one of the world's largest percentages of organic meat and a strong product portfolio of organic beef and pork.

Together with our customers and consumers

At Danish Crown, we continuously innovate to meet evolving consumer demands. Sokołów's high-protein line offers meat snacks for active lifestyles, while Danish Crown Beef introduces a hybrid line that blends 50% beef with root vegetables, pea protein, and fermented onion, preserving the traditional taste and texture of beef. For over 30 years, Friland has specialized in producing organic meat products with high animal welfare standards.

Lifestyle

Climate footprint

Animal welfare and organic

Our impact on society

Our impact on society

We continue to establish, develop and promote a corporate culture of compliance by implementing relevant policies and standards for our business conduct that reflect our commitments and satisfy applicable legislation in our countries of operation.

To maintain the reputation as a trustworthy company that people wish to engage with, it is crucial that we act with integrity in everything we do. This means ensuring that the way we do business is transparent, and that the way we communicate – with politicians, organisations, authorities, and other external partners – is always open and honest.

Because of our experience and expertise in the food industry, Danish Crown contributes to a wide range of initiatives and collaborates with partners and stakeholders in ways that help change society in transformative ways. For example, Danish Crown is a member of the UN Global Compact and actively engages to share best practices and insights regarding human and labour rights, the environment and anti-corruption. Such partnerships strengthen the collective by promoting ethical business practices on a broader scale.

Our contribution and public affairs activities focus particularly on the following key issues for our business: climate, responsible sourcing of feed, animal welfare, food safety and quality, labour market, market access, energy, and security policy.

Danish Crown is actively involved in sustainability and climate initiatives through its memberships in The Confederation of Danish Industry and the Danish Agriculture & Food Council. Danish Crown also supports the climate transition through a Collective Agreement with The Danish Food and Allied Workers' Union, focusing on cooperation between employees and management to reduce environmental impact and develop new technologies. This includes enhancing skills, innovation, and sustainability efforts across the value chain. Additionally, we play a key role in the Danish Government's Climate Partnership, aiming to reduce the climate impact of the food production sector by 62% by 2030 relative to 1990*.

Guided by the principles outlined in our Political Engagement and Expenses Policy, the group CEO and the Board of Directors provide a robust oversight of Danish Crown's positions and practices on public responsibility matters with assistance from the Legal Department. This includes the group CEO's regular reviews of Danish Crown's practices on political engagement and major lobbying priorities.

* Food and Agriculture." Food and Agriculture – Climate Partnerships 2030, climatepartnerships2030.com/the-climate-partnerships/food-and-agriculture/

Governance, monitoring and review

Governance

Strong governance and engagement are key to meeting our CO2 emission reduction targets.

The Board takes overall accountability for the management of all risks and opportunities, including climate change. Climate-related activities are discussed across all relevant levels in the organisation.

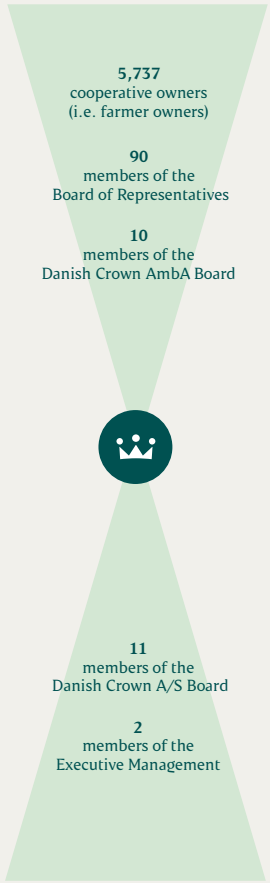
At Danish Crown, the work with sustainability takes place in all parts of the company. From the around 5,500 farmer owners who improve on their own farms, to employees working in abattoirs and production facilities, or those in our warehouses and offices. The work ranges from strategic work and targets setting to more operational actions.

The Executive Management has overall responsibility for setting our ambitions on sustainability, while the leadership teams are responsible for driving decisions and ensuring implementation.

As a group, achieving our sustainability ambitions relies on collaboration and effective execution across the business, as well as with our farmer 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. They maintain a pipeline of initiatives, ensure expertise and support the implementation of our sustainability strategy.

Dual Governance Structure

Our cooperative ownership means that Danish Crown has a two-tier governance structure.



Leverandørselskabet Danish Crown AmbA

KEY SUSTAINABILITY ACTIVITIES

COOPERATIVE OWNERS

Members of the cooperative are an essential part of our value chain and impact our business activities in sustainability areas such as environment and animal welfare. They work with clear guidelines and high standards in these areas. For example, they are all covered by our Codes of Practice and the DANISH Product Standard.

All cooperative owners are also part of our Climate Track programme, which means they share production and sustainability data with Danish Crown. Pig farmers report on selected sustainability data as part of their standard quotation. If they fail to do so, they get a deduction in their payment. The data they provide play an important part in reporting on GHG emissions and animal welfare.

BOARD OF REPRESENTATIVES

The Board of Representatives regularly discusses sustainability topics. This year, representatives attended a full-day training session on sustainability focusing on reducing scope 3 GHG emissions. This included how to implement actions and initiatives to cut emissions as part of our commitment to the Science Based Targets initiative. Representatives then lead discussions at district meetings to encourage other farmers to make improvements.

BOARD OF DIRECTORS (DANISH CROWN AmbA)

The Board of Directors for Danish Crown AmbA supports the preparation and approval of new codes and policies impacting farmers. In 2022/23, these included the Code of Practice for Danish Cattle Farmers, the Carbon Insetting Policy, the Deforestation and Land Conversion Policy and the Genetically Modified Organisms (GMO) Policy.

The Nomination, Compensation and Benefits Committee of the cooperative supports the Nomination and Remuneration Committee of Danish Crown A/S in setting long-term incentive programme targets on sustainability.

Many of the members of our Board of Directors and Executive Management have experience and expertise in overseeing sustainability matters from current or previous roles elsewhere and from their work with Danish Crown. To ensure that they have the latest knowledge in areas material to Danish Crown, we provide annual training in relevant Environmental, Social and Governance (ESG) matters. In 2022/23, 44% of board members participated. Members of the Board of Representatives are also offered ESG related training. In 2022/23, 83% participated in the training. Likewise, representatives attended a full-day training session on sustainability focusing on reducing scope 3 GHG emissions. This included how to implement actions and initiatives to cut emissions as part of our commitment to the Science Based Targets initiative.

Due to the importance of sustainability for Danish Crown, many of our employees are experts in different aspects of sustainability, including animal welfare, climate and food safety. The Executive Management therefore has direct access to specialist knowledge of the sustainability topics most relevant to Danish Crown.

The Audit Committee oversees the group's ESG-related processes, including the risk and materiality assessment and the ESG reporting, and The Nomination and Remuneration Committee *has integrated* ESG into the long-term incentive programme targets for members of the Executive Management. There are monetary incentives, as individual bonuses, related to the climate targets and forest area.

Financial Planning

Danish Crown does not currently identify how spending and revenue are aligned with our climate transition, but we plan to align and disclose the financial planning in the years to come.

Dual Governance Structure

Our cooperative ownership means that Danish Crown has a two-tier governance structure.

5,737
cooperative owners
(i.e. farmer owners)

90
members of the
Board of Representatives

10
members of the
Danish Crown AmbA Board

11
members of the
Danish Crown A/S Board

2
members of the
Executive Management

Danish Crown A/S

BOARD OF DIRECTORS (DANISH CROWN A/S)

KEY SUSTAINABILITY ACTIVITIES

The Board of Directors for Danish Crown A/S approves the sustainability strategy and updates of group codes and policies relevant for the management of our business such as the ESG Policy, the Diversity and Inclusion Policy, and the Supplier Code of Conduct.

The Audit Committee, by delegation from the Board of Directors, oversees the group's ESG-related processes, including the risk and materiality assessment and the ESG reporting. The Nomination and Remuneration Committee is working on integrating ESG into the long-term incentive programme targets for members of the Executive Management.

EXECUTIVE MANAGEMENT

The Executive Management oversees and endorses implementation of our sustainability strategy and policies, as well as sponsoring selected high-level sustainability projects and ensuring that sustainability is a focus area across all business units and group functions.

Ongoing monitoring and reporting

Business Unit (BU) review meetings are conducted regularly focusing on material matters such as financial performance, governance, health and safety and status on CO2e emissions. Furthermore, each BU has a dedicated Sustainability Business Partner appointed. Beside the BU review meetings, we have sustainability on the agenda on various Functional Boards quarterly. The CEO quarterly monitor progress on ESG performance across all BUs, including those related to climate change.

The Sustainability VP supports the CEO and heads the Group Sustainability department. The Sustainability VP's works closely with the various Functional Boards and Sustainability Business Partners in the BUs, allows for an adequate assessment and management of ESG-related issues in all company operations. The Sustainability VP is responsible for the supervision of the company's Sustainability strategy.

Data, monitoring and assurance

Managing our performance on sustainability matters is important as it supports the realization of our sustainability strategy. We want a clear link between the strategy and the initiatives we are implementing.

In Danish Crown we use ESG data and KPIs to discuss performance, to make informed decisions, to meet legislation, to strengthen communication, and to enhance commercialisation of our products. High-quality, validated ESG data is a prerequisite to do so.

To meet the increasing expectations from customers, consumers, financial institutions and other stakeholders for measurable progress on sustainability, as well as to drive change and good decision-making, we have initiated a group-wide project to improve our overall set-up for data collection, validation and disclosure. We are working intensively to narrow the gap between the data points we currently collect, and the data points required in future. In addition, we have a strong focus on ensuring high data quality across our business units and countries of operation.

In the future we will seek external assurance from third party to ensure our data is robust and reliable.

We are also working on more robust data to enable customers and consumers to make informed choices about sustainability by communicating our climate impact in a clear, consistent, and data-driven way. We have developed a model for life cycle assessment (LCA). Part of the model has already been third-party verified. The rest of the model is in the process of being verified. The model enables us to calculate not only the CO2e per kg of meat, but also the CO2e of specific selected products using data from specific suppliers, abattoirs, processing facilities and transport companies.

Our ESG data covers abattoirs and processing facilities, casing facilities, warehouses, offices and retail stores. For offices with fewer than 25 employees, we estimate environmental data, as we deem the impact from these to be immaterial.

Our scope 1 and 2 emissions are measured by activity-based data and internationally recognised emission factors.

- Scope 1 emissions are direct GHG emissions from primary energy at our production facilities, including fuels used for stationary installations on site (natural gas) and vehicles (diesel). Emissions related to dry ice and CO2 used for anaesthesia as well as the global warming potential of purchased refrigerants are also included in scope 1. All emissions are converted to CO2e and measured in thousands of tonnes of CO2e.

- Scope 2 emissions are indirect GHG emissions from secondary energy, mainly electricity. The market-based method quantifies scope 2 emissions based on GHG 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 thousands of tonnes of CO2e.

Enable customers and consumers to make informed choices about sustainability by communicating our climate impact in a clear, consistent and data-driven way.

For scope 3, our efforts to reduce emissions extend throughout the value chain, but the greatest reduction potential is on the farms.

- Scope 3 emissions have been calculated for 2019/20, 2020/21 and 2021/22. The calculation of scope 3 emissions follows the methodology outlined in the GHG Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard.

We believe that transparency and progress on our GHG emissions are key to delivering on our commitments. It helps our stakeholders understand our climate transition action plan and hold us accountable in delivering on it. Balanced reporting on our progress and the challenges we are facing is a key part of our approach. We regularly communicate our sustainability progress and activities both in-house and to our external stakeholders. In addition to our Annual report, we use communication channels such as our social media, press releases, our website and ongoing dialogue with different external stakeholders.

Review

We will review and update our Climate Roadmap towards 2030 when relevant (at a minimum every five years), ensuring it remains responsive to changing market conditions and opportunities. Progress against targets and measures implemented to date will be shared with stakeholders through our annual sustainability disclosures.

In our sustainability statements, we apply the fundamental and enhancing qualitative characteristics of accounting information: relevance, faithful representation, comparability, verifiability and understandability. This is supported by our internal control and validation processes, where validation takes place at both site, business unit and group level.

Read our Annual Report 2022/23 here

GO TO REPORT

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