



KLS CODE OF PRACTICE

Cattle

Code of Practice for KLS Cattle Suppliers

Background

As one of Sweden's largest meat companies, KLS has a significant commercial responsibility.

We strive to live up to this responsibility by running our business profitably and sustainably and by integrating environmental, social and ethical considerations in our business activities and throughout our value chain.

In this Code of Practice, we define the minimum requirements that must be met by our suppliers in order to deliver animals to KLS.

Compliance with the Code of Practice is a prerequisite for cooperation with KLS and the Code constitutes a legally binding document for all suppliers.

The Code of Practice also reflects KLS' commitment to the UN Global Compact and is based on compliance with applicable national legislation and international rules and regulations, as well as recognised international standards and agreements.

Because Swedish beef production is subject to more restrictive legislation than in most other countries, KLS is in a good position to profile itself as a responsible company.

This Code of Practice clarifies applicable requirements, industry rules and various supplier requirements. Also, it supplements applicable legislation.

Applicable acts and executive orders can be found at jordbruksverket.se.

1 Purpose

The Code of Practice for Cattle Suppliers – is a dynamic tool, designed to ensure KLS/Danish Crown's market access to key markets worldwide. Therefore, the Code of Practice contains the following elements.

KLS' general ethical position on cattle production (section 2.0).

KLS' Code of Practice (section 3.0).

Instructions on how changes and new rules can be implemented and added to KLS' Code of Practice on an ongoing basis (section 4.0).

Description of how KLS will ensure compliance with the Code of Practice (section 5.0).

KLS KRAV and organic cattle (section 6.0).

Current KLS cattle suppliers have signed confirmation that they accept the Code of Practice, and new suppliers must sign such confirmation.

Under the Articles of Association, any changes to the Code of Practice that are not statutory or the result of industry decisions must be submitted to the Board of Representatives and be finally approved by the Board of Directors. Danish Crown will inform about changes on Danish Crown's and KLS website, www.danishcrown.com, www.kls.se.

An updated Code of Practice is always available to suppliers and other stakeholders on Danish Crown's website, www.danishcrown.com, and KLS website, www.kls.se.

2 KLS' ethical position on cattle production

Live slaughter animals are KLS' primary raw material and based on ethical and market considerations we acknowledge that requirements are made in terms of optimum animal welfare handling practices. KLS supports the requirements presented in current animal protection legislation and the existing recommendations and guidelines formulated by the Swedish Centre for Animal Welfare, SCAW. We also acknowledge that animal protection legislation is a dynamic process, entailing that acts and recommendations are adjusted to allow for new knowledge and practical experience.

However, KLS is also aware that some customer and consumer groups make ethical and animal welfare demands beyond legislative requirements. KLS wants to accommodate such wishes if a sustainable sales platform exists and if the demands are aligned with general ethical considerations.

KLS' position on animal welfare can be summarized in the following policy: KLS will, in partnership with our suppliers, make demands in terms of animal welfare in primary production. These demands are based mainly on applicable legislation and industry decisions but may be extended to allow for special contract productions.

The delivery, transport and unloading of slaughter animals must be as gentle as possible and performed within reasonable time limits.

Modern and appropriate transport vehicles must be used. Moreover, KLS demands that the people carrying out these tasks are properly trained.

KLS is committed to optimum handling in terms of animal welfare at its abattoirs in connection with lairage, collection, stunning and slaughter. Progress in this respect will be incorporated into investment plans and structure developments on an ongoing basis. The operators who handle live animals at the abattoirs must attend ongoing training in animal behavior, welfare and physiological needs.

It is KLS' policy to be at the very forefront when it comes to the correct handling of slaughter animals in terms of animal welfare.

KLS takes an active position on animal welfare and communicates openly and objectively about the company's policy in this area.

KLS' basic values stress the ongoing commitment to and responsibility for seeking to improve production conditions, food safety, sustainability and animal welfare in cooperation with suppliers.

3 KLS' Code of Practice

Swedish legislation, supplemented by KLS' Code of Practice, sets the basis for the production of cattle at KLS' suppliers.

KLS wants the basis of rawmaterial to meet customer, and thus consumer, expectations in terms of quality in the broadest sense – that is: both when it comes to measurable quality and to animal ethics.

KLS' Code of Practice can be summarized under the following main headings:

- 3.1 Food safety
- 3.2 Meat and fat quality
- 3.3 Ethics and animal welfare
- 3.4 Labour rights
- 3.5 Sustainability

3.1 Food Safety

KLS attaches considerable importance to ensuring consumer and customer confidence in products from KLS. Therefore, food safety is a constant priority – both at the abattoirs and at the suppliers.

All KLS production sites are designed to ensure that any meat processing meets the highest hygiene standards. Moreover, all employees receive hygiene training to ensure optimum hygiene at all stages of production. Production sites are checked through a very extensive own-check program, which is constantly evolving. The own-check procedures are monitored and documented by the company, and the own-check program is constantly monitored by the Swedish Food Agency. KLS' customers also perform audits on food safety at the production sites.

It is essential that the raw material meets a number of criteria in terms of both food safety and quality. This is the prerequisite for enabling KLS to supply quality products that meet the desired food safety standards. To that end, suppliers must comply with a number of conditions, including EU requirements as regards food chain information.

The supplier signs the animal owner declaration when registering animals for slaughter ([Animal Owner Declaration](#)). The animal owner declaration includes information about the origin, cleanliness, and health of the animals.

3.1.1 Biosecurity

Animals

Due to the risk of introducing disease and due to guarantees furnished to key export markets, KLS does not accept imported cattle – including imported breeding animals – for slaughter. When importing animals for breeding, the requirements from the Swedish Board of Agriculture must be fulfilled. Cattle of unknown origin and cloned cattle are not accepted for slaughter.

Legislation requires that cows and heifers that are due to calve in less than 28 days are not transported to the abattoir. Similarly, cows that calved less than 21 days ago must not be transported for slaughter. It is the responsibility of the farmer to ensure that these requirements are met.

People

Suppliers must comply with applicable rules and recommendations at any time issued by the Swedish Board of Agriculture.

Transport vehicles and drivers

At the delivery of animals, feed and other goods to the farm, steps must be taken to protect against possible infection. The driver and the vehicle must not enter the herd area without the owner's permission. The driver must refuse to drive animals that are not suitable for transport.

All transport vehicles must be cleaned before leaving the abattoir, as they pose a significant risk of spreading infection from the abattoir to the herds.

Delivery of cattle

Swedish cattle production is subject to very strict veterinary regulations. The high veterinary standards are an important element in an effective monitoring and eradication program for serious infectious livestock diseases and help to ensure KLS market access in other countries, but are also an important element in an effective monitoring and eradication programme against serious infectious livestock diseases.

Food Chain Information is provided for every animal registered. The health status of each herd may have an impact on the marketing of the meat. As a supplier to KLS, you are therefore obliged to notify the abattoir, if your cattle are subject to restrictions or official supervision, or if there are changes in the cattle's Food Chain Information after registration.

Traceability

In order to ensure unambiguous traceability from herd to abattoir, all bovine animals leaving a herd must bear two means of identification: 1. Two common ear tags, one in each ear, or 2. a common ear tag in one ear and an electronic ear tag in the other ear.

3.1.2 Requirements for feed used

Sweden is subject to restrictive feed legislation, managed by the Swedish Board of Agriculture and the County Board. All feed from Swedish feed suppliers, as well as imported feed materials, is regularly controlled to ensure that only healthy feed materials are used, and that the feed does not contain harmful biological, chemical or physical contaminants. Feeding cattle products containing meat-and-bone meal and fishmeal is prohibited.

In the EU, including Sweden, the use of antibiotic growth promoters is prohibited.

Good feed hygiene is essential for the health and productivity of cattle. The supplier must therefore ensure that feed rooms and silos are kept clean. The County Board is in charge of feed hygiene control. Suppliers must register their feed facilities to the Swedish Board of Agriculture.

Feed additives

Feed additives may be used if:

- They are approved
- They are labelled, documented, and used correctly

All industry decisions, current as well as future, on feed, minerals and additives must be complied with by KLS' suppliers and will be posted on jordbruksverket.se.

It is important that all animals supplied are free from any harmful substances. Consequently, appropriate and clean feed must be used without harmful pesticides or chemicals. Therefore, suppliers must be careful when using foreign substances in stables to ensure that cattle are not exposed to them.

Sustainable feed

All soy used for feed in Sweden is certified/verified, meaning that it is non-GMO and responsibly produced.

3.1.3 Medical treatment of cattle by suppliers

In order to comply with the legislation, a number of requirements are imposed on primary production, so that specific interventions on cattle and medical treatment of own cattle may be carried out. Before performing any procedure, the suppliers or their employees must have received education in medicating, castrating and culling animals ([Villkorad läkemedelsanvändning - Gård & Djurhälsan](#)).

According to Swedish regulation, any treatment carried out by the supplier is performed in a manner which ensures that the dosage and method of application – including injection technique – comply with the available instructions issued by the herd veterinarian.

Medicines must be stored in a compartment separate from the feed storage room and stable area, and all medicines must be stored to ensure that they are inaccessible to unauthorized persons.

Any medical treatment carried out by the supplier must be documented in the herd's medication registration log and by labelling of the treated animal.

Needles

Good-quality needles must always be used. A bent needle must not be straightened but must always be replaced. If a needle breaks during injection, it must be removed immediately. If it is not possible to remove the needle, or in case of doubt, this must be recorded and reported when registering the animal for slaughter. During transport, the animal(s) in question must be clearly marked on the back and around the area where the needle is expected to be.

3.1.4 Diagnostics and zoonoses

KLS' suppliers are obliged to comply with the requirements imposed on them by the Swedish Board of Agriculture if zoonoses or other diseases are detected in their herd.

Sweden is free of leukosis, tuberculosis, brucellosis, foot-and-mouth disease, BVD and paratuberculosis.

Salmonella Control Program

All Swedish cattle producers and abattoirs are subject to the Salmonella Control Program, the overall aim of which is to prevent the prevalence of salmonella, both in herds and in fresh meat. Over the years, the prevalence of salmonella in food producing animals and fresh meat has been reduced to a very low level, which only very few countries in the world can match.

As part of the monitoring, swab- and lymph node samples are routinely taken from a randomized selection of the slaughtered cattle. When salmonella is suspected in a herd, it is the Swedish Board of Agriculture that will investigate the case further.

3.1.5 Medical residues

At all of KLS' abattoirs, the Swedish Food Agency conduct testing to detect any residue concentrations of antibiotics in the meat. As residues in meat are undesirable, KLS requires that, as a minimum, suppliers comply with the applicable post-treatment retention time. Due to the strict policy in this area, Sweden has one of the lowest antibiotic use rates in the world and very few residue concentrations in the meat.

If, in error, animals are sent for slaughter within the retention period, the supplier must inform KLS of the mistake as soon as possible.

3.2 Meat and fat quality

KLS prioritizes meat and fat quality, because this quality is the prerequisite for giving consumers the desired positive experience from eating beef from KLS, and for providing optimum possibilities for processing companies to produce high-quality products based on our raw material.

3.3 Animal welfare

Suppliers must ensure that all animals delivered to KLS are treated responsibly and have their basic needs met.

Animal welfare must be based on the recommended Five Freedoms set out by the World Organisation for Animal Health:

- Freedom from hunger, thirst and malnutrition
- Freedom from fear and distress

- Freedom from discomfort
- Freedom from pain, injury and disease
- Freedom to express normal patterns of behaviour

Animal welfare is a concept which is not linked to an objective quality criterion, but KLS is aware that animal welfare is playing an increasingly important role for consumers around the world, which is also reflected in the rules that KLS has incorporated into its Code of Practice.

3.3.1 Natural light in all cattle houses

According to Swedish legislation, all stables should have natural light.

3.3.2 Injuries to cattle

Situations leading to reduced animal welfare can occur in the herd. Therefore, it is essential that each supplier responds promptly to changes in the health status of the animals. Sick and injured animals must be treated immediately and be placed in a hospital pen. If deemed necessary, the animal should be culled as quickly and gently as possible.

If, at the abattoir, many comments relating to, for instance, liver abscesses, pneumonia, bruising, are registered, as well as any other comments, KLS will contact the supplier in question and, if necessary, demand that an action plan be prepared and remedial action taken.

3.3.3 Hoof trimming, dehorning and castration

Proper hoof care is important for the welfare of the animal. If the cattle are unable to wear down their hooves naturally, compensatory hoof trimming must be carried out regularly. Dehorning of calves can be done before 8 weeks of age. Under special circumstances dehorning may be done later. According to Swedish legislation cattle must be locally anesthetized during dehorning and castration.

3.3.4 Delivery of cattle

When cattle are transported to the abattoir, the supplier and driver must ensure that the cattle are transferred as gently as possible in order to prevent the animals from becoming unduly stressed.

Conditions during transfer

The supplier is responsible for ensuring that the delivery conditions are appropriate and comply with legislation. This applies to lairage and loading conditions. It is the responsibility of the supplier to ensure that the transport vehicle can get to and from the property's loading ramp(s), loading pen or other mobile holding facility without difficulty, so the driver can easily load the cattle onto the transport vehicle. The supplier is advised to separate out the animals to be collected.

In addition, there must be sufficient light to assess whether the animals are suitable for transport. The delivery area must be clean, dry and with sufficient drainage or bedding to ensure that the animals are clean and dry when delivered. Dirty animals increase the risk of insanitary slaughter and could potentially lead to reduced animal welfare.

Suitability for transport

It is the suppliers responsibility to ensure that all animals provided are suitable for the transport in question. The driver must be able to assess whether all animals are suitable for transport. If the supplier is unsure whether certain animals are suitable for transport, these animals should be separated from the rest and presented to the driver at delivery. If necessary these animals should be kept separate from others during transport and at the production site. The transporter must be made aware of the fact that animals for slaughter must be transported separately before planning the truck load. These animals must be loaded and unloaded separately without being herded together with healthy animals. The driver is obliged to refuse to transport animals which are not suitable for transport.

3.3.5 Disposal of dead animals

Dead animals must be collected by an approved processing company, or burned at the farm in a boiler approved by the Swedish Board of Agriculture.

Dead animals must be registered for collection as soon as possible. Following registration, the animals should be placed for collection at a discreetly located collection site in the shade. The dead animals should be protected from necrovores. The collection site should be separated from live animals so that the transport vehicle can collect dead animals without risking contact with live animals.

It is recommended that the collection site is level, drained and firm, for example in the form of a fixed slatted concrete area.

3.4 Labour rights

Suppliers shall support and respect human rights and ensure that they are not complicit in human rights abuses.

3.4.1 Freely chosen employment

Suppliers shall ensure that no forced, bonded or involuntary labour is employed or involved.

Employees shall not be required to lodge deposits or original identity papers with suppliers, and all employees shall be free to leave the supplier after reasonable notice is served.

3.4.2 Freedom of association

All employees, without distinction, shall have the right to join trade unions of their own choosing.

3.4.3 Health and safety

Suppliers shall provide a safe and hygienic working environment.

Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, as far as is reasonably practicable, causes of hazards inherent in the working environment. This approach includes conducting an occupational health and safety risk assessment as well as providing regular and recorded training for all applicable employees.

Adequate lighting, ventilation and fire safety is part of a safe and healthy working environment, and personal protective equipment must be provided free of charge.

Access to clean toilet facilities and potable water shall also be provided.

3.4.4 Accommodation

Where part of the employee's compensation package provides long or short-term accommodation, suppliers shall ensure that health, security, legal conditions and employee rights are fair, decent and comply with all applicable law.

3.4.5 Child labour and young workers

The minimum age of the employees should not be less than the age of completion of compulsory schooling, and generally not less than 15 years of age for standard work, unless otherwise provided by legislation. For schoolchildren aged between 13 and 14 years, their weekly working hours should not exceed 12 hours in school weeks and 35 hours in non-school weeks.

Young workers, defined as being above the minimum age but under the age of 18 years, shall not be employed at night or work in hazardous conditions.

3.4.6 Wages, benefits, working hours and overtime

Suppliers shall ensure that wages and benefits paid for a standard working week meet, at a minimum, national legal standards.

All employees shall be provided with an employment contract, in a comprehensible language, clearly stating employment conditions, including wages, prior to entering into employment, and a readily understandable pay slip for each pay period.

The employment contract shall be signed by the employee and the supplier.

Suppliers shall ensure that working hours comply with national laws. Working hours, excluding overtime hours, shall be defined by the employment contract, and shall normally not exceed 48 hours per week. Employees should be provided with at least one day off in a seven-consecutive-day period, or two days off in every 14-day period.

3.4.7 Non-discrimination and fair treatment

Suppliers shall ensure that there is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

Suppliers shall treat their employees with fairness, dignity and respect. Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

3.4.8 Regular employment

Suppliers are requested to use only employment agencies that adhere to the requirements stated in KLS's Code of Practice. These requirements apply to the hiring and management of all employees irrespective of status: migrant, contract, agency, temporary or casual employees.

3.5 Sustainability

KLS overall target is to reduce the climate footprint throughout the chain from fork to farm by 50% by 2030.

All soy that reaches Sweden is segregated certified soy, meaning that the origin can be traced back to the farms that produce according to sustainable production methods and do not contribute to deforestation, whether legal or illegal. This is made possible by the fact that all feed companies that are sourcing soy for Swedish farmers are part of the Swedish Platform on Risk Commodities, which is an extensive voluntary network of industry organizations, feed producers, food manufacturers and retail chains in Sweden, and aims to guarantee that the soy used to produce food in Sweden is made in a socially and environmentally responsible way. As part of the alliance, the companies have committed to exclusively sourcing soy that is either certified to RTRS (Round Table on Responsible Soy), Pro Terra, Donau Soya/Europe Soja, EU-organic or IFOAM standards or comes from verified low-risk areas, such as Canada.

4 Additions of new elements

New knowledge in technology, food safety and animal welfare regularly affects conditions for Swedish livestock production, and both KLS and our suppliers must constantly address the new challenges entailed.

Both KLS and our suppliers can draw on this new knowledge in the efforts to achieve continuous improvements in, inter alia, production, animal welfare and the farm consolidation process.

For customers, consumers and society, new knowledge leads to new requirements and wishes for primary production.

KLS has a responsibility for the development in Swedish cattle production.

Under the Articles of Association, any changes to the Code of Practice that are not statutory or based on binding industry decisions must be submitted to the Board of Representatives and be approved by the Board of Directors. Changes will be posted and on Danish Crown's website, and KLS website, www.kls.se.

5 Compliance

When enrolling in KLS, suppliers of cattle confirm that they will comply with the Code of Practice in force at any time.

The County Board are responsible for controlling that suppliers comply with Swedish legislation. If the Swedish Food Agency veterinarians at the abattoirs find significant deviations they report this to the County Board and to KLS. If needed, KLS will contact the supplier to make an action plan. If the supplier has shown fault or negligence of a very severe degree sanctions will be imposed by Swedish authorities.

6 KLS KRAV/organic cattle

Consumers and customers have specific requirements for the meat and meat products they receive.

These requirements go beyond those stated in KLS Code of Practice and in legislation. These requirements could involve ethical and animal welfare requirements or specific requests in terms of upbringing, lairage, use of antibiotics and feeding.

Detailed production requirements are specified by KRAV and can be found at krav.se.

KRAV cattle suppliers are approved and audited regularly by an approved third-party certification body. Based on observations of the farm, a certification is issued.

In case of non-compliance with contractual requirements, the supplier will be required to change or adjust non-compliant practices or sign a new contract for conventional production.

In addition to the special terms, suppliers of KRAV cattle are subject to the terms of other parts of this Code of Practice.