

DANISH CROWN



Corporate responsibility report

2015/16

Overview

This sustainability report aims to inform stakeholders of Danish Crown about our sustainability performance in a transparent and accountable manner.

Through this report, we also hope to identify opportunities for improvement to our sustainability management, as well as issues that are integral to our business in order to address them effectively and appropriately. Together with relevant partners within the supply chain, we hope to explore ways to improve sustainability across all aspects of our operations.

Reporting period

Danish Crown's Corporate Responsibility Report is published in November on an annual basis. This report covers the financial year 2015/16 from 1 October 2015 to 30 September 2016. The previous report was published in November 2015.

Reporting scope

The information and figures in this report refer to Danish Crown A/S and all subsidiaries. Danish Crown is a limited company but is owned by the cooperative company 'Leverandørselskabet Danish Crown AmbA' which has an elected management consisting of cooperative members.

Reporting process

Danish Crown's Group Executive Board directs the preparation of the report. The Board endorses the contents of the report, supported by a strategic CSR Group Steering Committee. Information for this report is collected from various departments and business units, which are required to confirm the accuracy and authenticity of their data through documentary evidence or past operational performance. We aim to improve on this process continually to ensure that our data collection is effective and robust.

Feedback

Our stakeholders' views are important to us and we welcome feedback on this report and any aspect of our sustainability performance.

Please address all feedback to:
sustainability@danishcrown.com



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|| I'm passionate about innovation and sharing knowledge to work in an integrated way – it's great to see our functional experts working together on projects to help address issues in our supply chain".

– *Jais Valeur*



Message from our Group CEO

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

We are making improvements towards our overall corporate responsibility ambitions in each of our business units. Different areas of our business are at different stages of their sustainability journey. However, we recognise that focusing on the output from our factories alone is not enough to address key sustainability issues in our supply chain. In this regard I'm pleased to report that we are working hard to manage our wider impacts in the supply chain.

To help embed this approach, we have taken the decision to move away from centrally set targets to a more inclusive model, whereby a central expert steering group sets the direction and each business unit defines its own specific actions and targets to improve their operations, in line with group policy. We have decided to operate in this way to ensure local ownership from all parts of the business.

I'm passionate about innovation and sharing knowledge to work in an integrated way – it's great to see our functional experts working together on projects to help address issues in our supply chain together; understanding human rights risks in our global supply chain, developing products with improved health impacts, innovating to reduce energy and water use in factory, and designing new packaging concepts that help reduce food waste for the consumer.

Overall, we are pleased—but not satisfied—with our progress and the milestones we have reached. We acknowledge that there are opportunities for improvement in the years to come and we are ensuring we have the right building blocks in place to manage our responsibilities across the group.

Our new group strategy - 4WD - has recently been launched and we will ensure that our sustainability strategy is aligned and integrated with this, to embed sustainability deeply with our business. Danish Crown will continue to support the UN Global Compact and we are committed to aligning the ten basic principles of the Global Compact to our group strategy. This report serves as our annual communication on progress and underlines our commitment to transparency when it comes to sustainability.

As we keep moving forward, we welcome your input and look forward to hearing from you.

Randers, Denmark, November 2016



Jais Valeur
Group CEO

Danish Crown – this is how we create value

Danish Crown is an international meat-processing company with a leading market position in northern Europe and global sales. We are a cooperatively held company owned by 7,600 Danish pig and cattle suppliers, who also supply our raw materials.

By always listening to our customers and understanding their needs – and through organic growth, exports, mergers and acquisitions – we have, since the first cooperative slaughterhouse was established in 1887, achieved a unique position.

Danish Crown is a market leader in Denmark, Sweden, Poland and the UK, has significant exports to China and Japan – and has market access to a total of 136 countries.

Based on supplies of pork, veal and beef, 26,000 employees work every day to produce premium products and high-quality foods for consumers all over the world. Our focus is on processing and producing products which in every way meet the needs and wishes of consumers and of our business customers.

We are Europe's largest pork business, one of the world's largest pork exporters, Denmark's largest beef business, Europe's largest supplier of organic meat, Europe's largest meat-processing company and the leading global supplier of natural casings.

By constantly focusing on consumers and on what makes a good culinary experience, we create maximum value for our owners and our future. This is what we mean by "Dansk landbrug – kød i verdensklasse", meaning "Danish agriculture – world-class meat", as emblazoned on our transport vehicles. And that is why our international slogan reads "It's all about food".

Value chain



Farmer

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



Slaughterhouse

We operate some of the world's most modern and technologically advanced slaughterhouses. The requirements regarding hygiene, animal welfare, quality, logistics and the working environment are high – and inspectors from the independent food authorities are looking over our shoulders all the time.



Food processing

Based on our raw materials, we create products of the same high quality as the ones prepared by consumers in their own kitchens. Our products are sold all over the world. To the finest gourmet restaurants and to supermarket cold counters. As fresh meat and processed meat. And as ingredients for the industry.



Sales

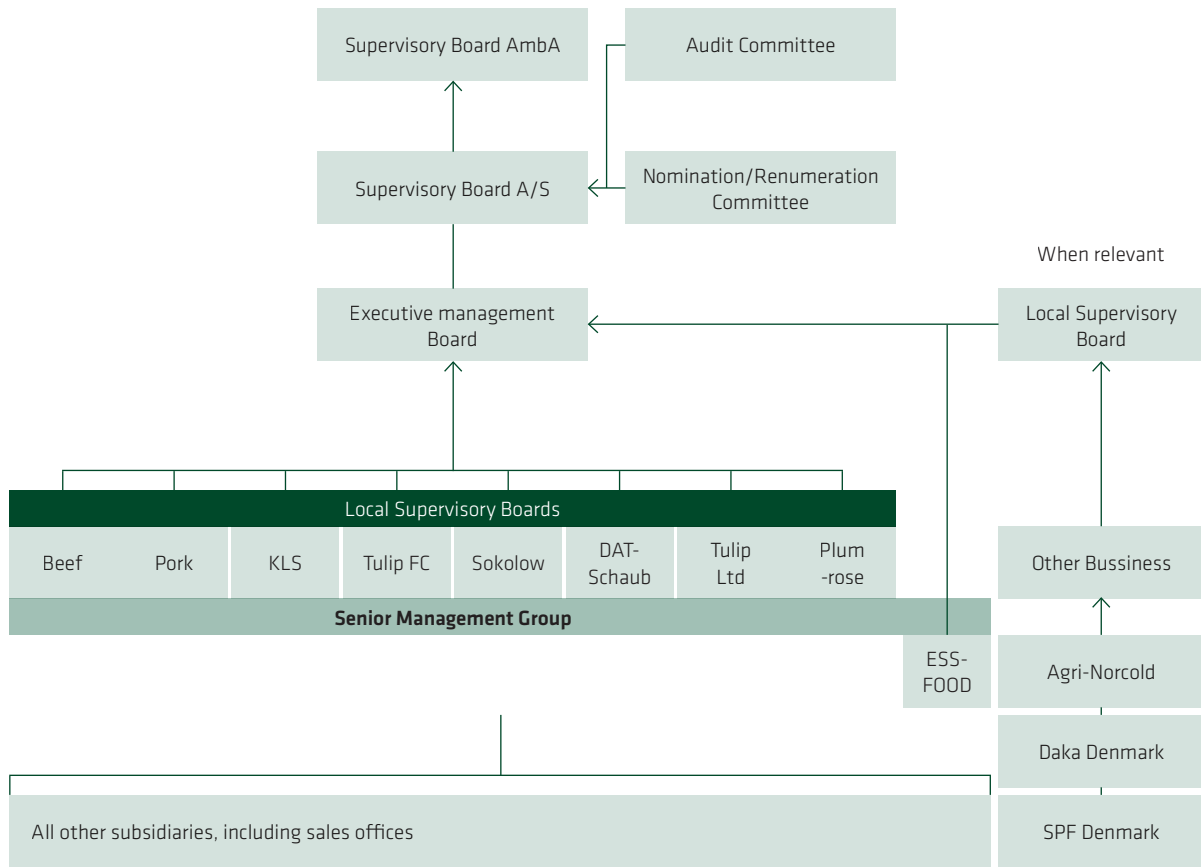
Danish Crown is keen to work in close partnership with the retail business and the foodservice sector, and often does so. Whether talking about fresh meat or processed products, about our own branded products or concepts produced as private-label products for specific customers, then cooperation, customer focus and innovation always come first.



Consumer

Our products are enjoyed and appreciated by consumers all over the world. It is food we produce, and food we sell to consumers worldwide. In supermarkets, in restaurants, at hotels, in canteens and at hot-dog stands, our products must stand out through their quality and value.

Business units



Products

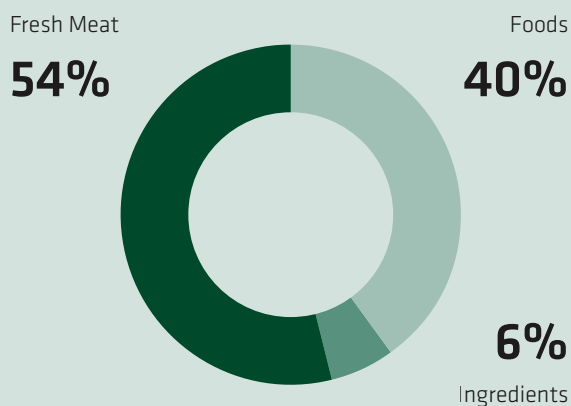


2015/16 in figures

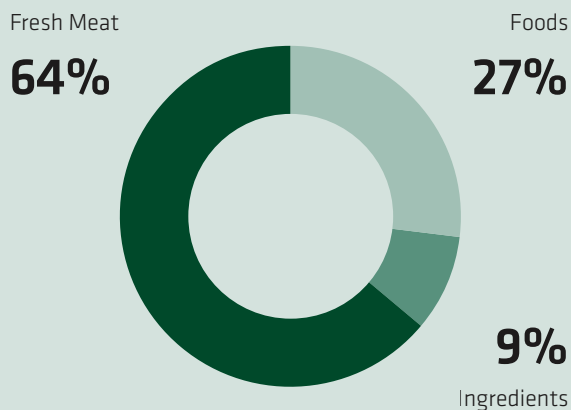
Revenue in DKKbn

60 **DKK**

Share of revenue



Share of EBIT



Cooperative members

No. of cooperative members in the Danish Crown Group

7,605

Employees

No. of employees in the Danish Crown Group

25,977

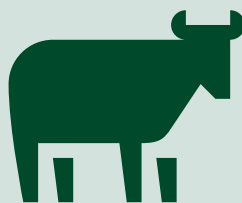
Delivery: Pigs and sows

Pigs and sows per year in millions

22 

Delivery: Cattle

Cattle per year in millions

0.7 

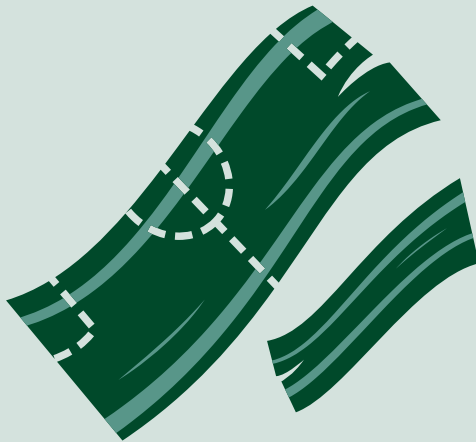
Processing

Processed products in thousands of tonnes

928

More than 900 million slices of bacon from Tulip Food Company

The many slices of bacon would cover a total area corresponding to **1,300 soccer fields**



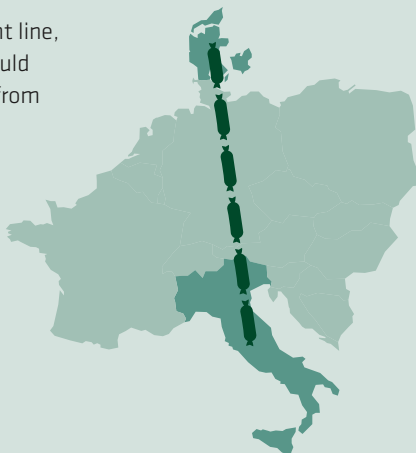
75 million pig's trotters to China

That is more than twice as many as the **33 million pig's trotters** shipped to China in 2012



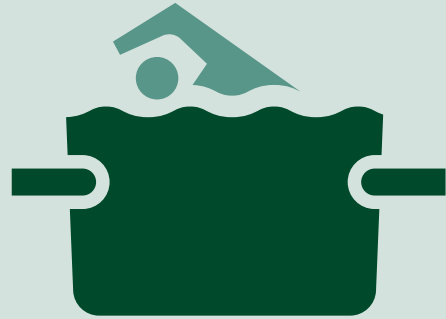
4,000 kilometres of Pork Meat Snack Sticks from Sokołów

Laid out in a straight line, the snack sticks would cover the distance from Randers to Rome and back



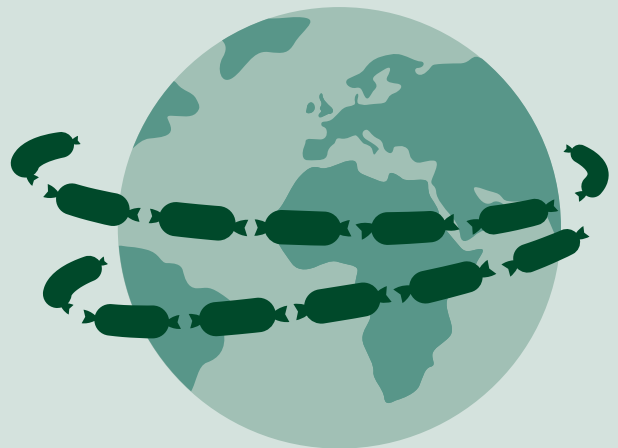
10 million litres of Mou soup

Enough soup to fill the Olympic swimming pool in Rio almost **three times**

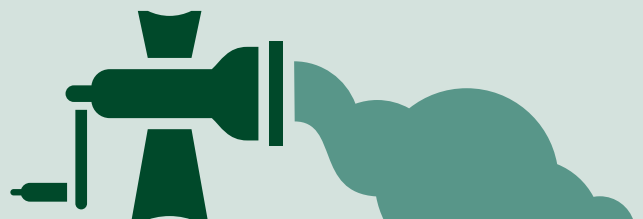


1.4 million kilometres of hog casings produced by DAT-Schaub in a year

This is enough to reach around the globe at the Equator **35 times**



Minced beef corresponding to 150 million beefburgers



How CSR relates to our business

Corporate responsibility governance

In our global organisation, CSR is part of our business strategy, overseen by the Group Executive Board, and is the designated responsibility of management throughout our business operations.

We monitor progress at three levels. Initially a quarterly review is made of action plans and key performance indicators for each business unit.

An expert CSR Steering Committee then reviews the progress made under each of our six themes and makes recommendations for further actions. Finally, our Group Executive Board (Group CEO and Group CFO), reviews overall progress, consults with stakeholders and ensures that the plan is an integral part of how our business operates. Next year, we plan to build on the progress made by standardising processes across our business units and through the benchmarking of performance.

Our Code of Conduct

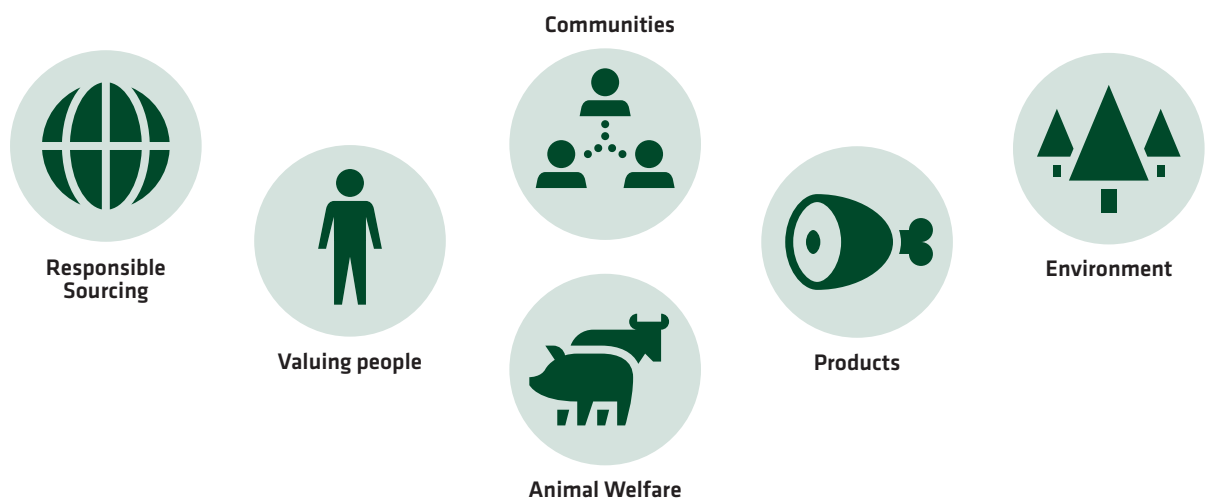
One of the ways we do this is through our Code of Conduct, a set of clear, simple principles that guide our day-to-day actions as we strive to improve and build a sustainable business and to take it into the future – we call this 'Growing Responsibly'.

Danish Crown's Code of Conduct must ensure that the company lives up to internationally recognised principles for corporate social responsibility (CSR). Danish Crown joined the UN Global Compact in 2011, and our CSR Code of Conduct is

therefore inclusive of the UN Global Compact's ten principles in the areas of human rights, labour rights, the environment and anti-corruption.

Our Code of Conduct is a work in progress and is currently being used internally to help each business unit define their own priorities for action. The document will be finalised in 2017 and updated as we progress.

Our Code of Conduct is based around six overarching themes:



Our business strategy

In our new group business strategy for the period 2016 to 2021, CSR is for the first time integrated within the main business strategy setting process, rather than as a standalone activity.

As a result, specific CSR targets, and programmes to achieve them, will be updated in 2017, in line with our business strategy process.

Committees

Group Executive Board

Role

- To own the development and implementation of the Danish Crown CSR strategy, and ensure the plan is an integral part of how the business operates.

Responsibilities

- Provide leadership on CSR issues across the business and ensure there is a joined up and consistent approach to delivering progress.
- To ensure the business has the right resources and governance to deliver the strategy.
- To ensure the CSR strategy is aligned with wider business strategies, and wider business strategies support the delivery of the CSR strategy
- To approve outputs from the CSR Group Steering Committee, including annual CSR report, CSR Code of Conduct, CSR strategy and action plans.
- Review progress through a quarterly meeting.

CSR Group Steering Committee

Role

- To support the development and implementation of the Danish Crown CSR strategy.

Responsibilities

- Provide leadership on CSR issues across the business and ensure there is a consistent approach to delivering progress.
- To provide leadership on CSR issues across the business and ensure there is a joined up and consistent approach to delivering progress.
- To define priorities and decide the high-level targets to which the business will commit.
- To provide the Board with an overview of the environmental, social and ethical impacts of our activities and how they are being managed.
- To seek external stakeholder views on overall performance and maintain an overview of external benchmarking of our performance.
- To support the Board in ensuring that all parts of the business:
 - have assigned clear roles and responsibilities;
 - have a resourced plan for delivering each element of the strategy;
 - have robust data and evidence to support progress claims;
 - benchmark performance and report on progress on a regular basis.

Business Unit Management Teams

Role

- To own the local improvement plan.

Responsibilities

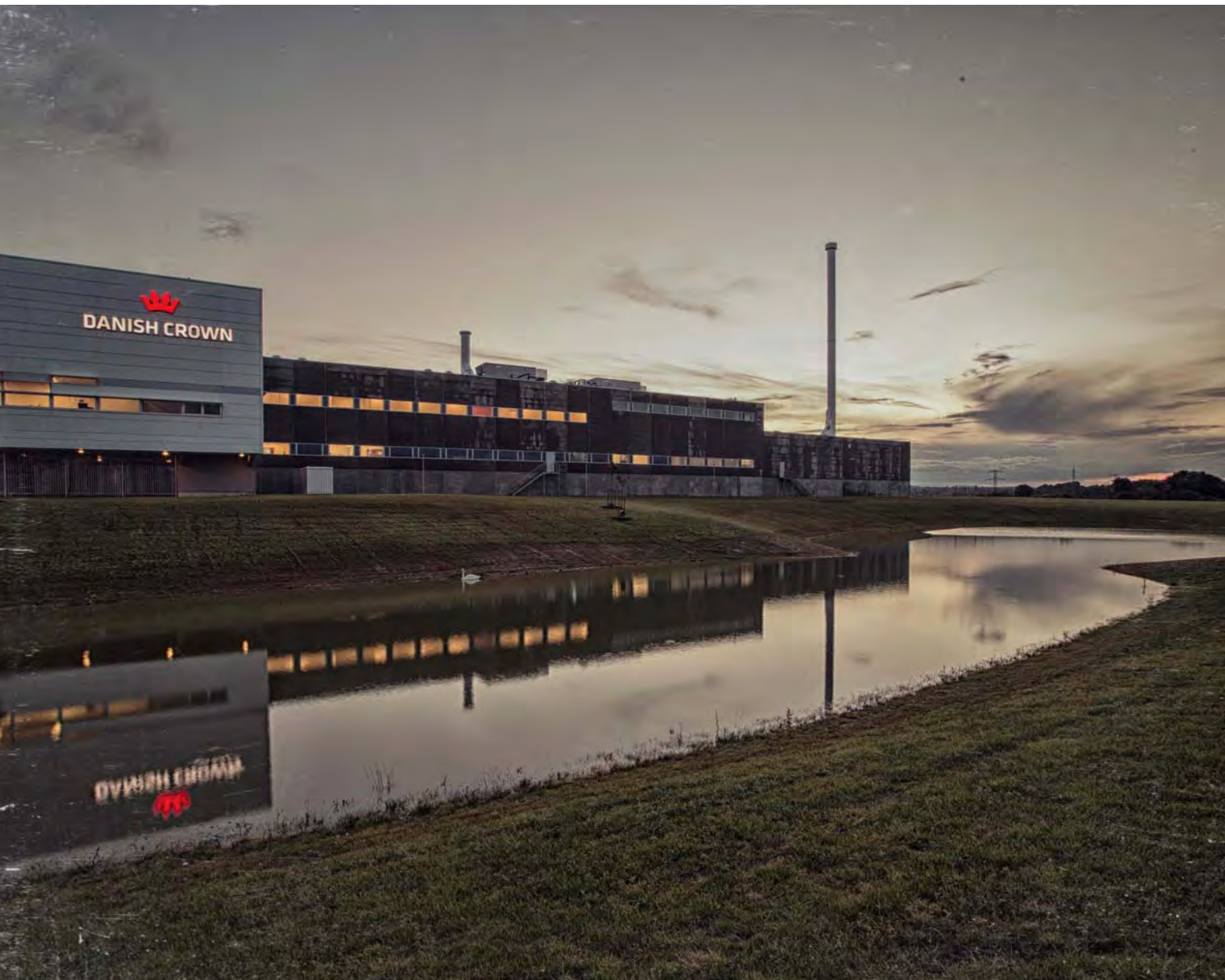
- Define key issues and develop a plan, consistent with group Code of Conduct and strategy priorities
- Review progress against the plan and report to group on a quarterly basis.
- Provide KPI data and ensure robust data collection is in place.

Our material issues

Danish Crown's CSR Group Steering Committee conducted a materiality assessment in 2016, to help identify areas of interest for both internal and external stakeholders.

A long list of potentially relevant sustainability issues was compiled through consultation with internal experts. The CSR Group Steering Committee reviewed the finalised list of issues to determine the material ones (the most important issues to our stakeholders and

the business) through risk analysis. This process will be periodically repeated and reviewed with external stakeholders to ensure we are focussing our attention on the right issues. This process helped us identify and prioritise our key areas of focus.



Materiality matrix – defining key issues to address



- No. Key focus area**
 - 1 Supply chain for human rights
 - 2 Healthy products
 - 3 Food waste
 - 4 Sustainable procurement
- No. Indirect influence**
 - 1 Antibiotic use
 - 2 Animal feed sustainability

- No. Global policy/Standard**
 - 1 Animal welfare
 - 2 Product safety
 - 3 Climate change & carbon
 - 4 Business conduct
 - 5 Health & safety
 - 6 Diversity
 - 7 Community complaints
 - 8 Community support

- No. Locality managed**
 - 1 Raw material risk
 - 2 Packaging
 - 3 Water
 - 4 Pollution control
 - 5 Employee wellbeing
 - 6 Learning & Development
 - 7 Social integration
 - 8 Waste

Year at a glance

Below is an extract from our corporate responsibility report, in which we report on our adherence to our Corporate Responsibility Code of Conduct. We have detailed the commitments made in our Code of Conduct which will be finalised during 2017.

Responsible business



Commitments

We conduct our business lawfully and with integrity, respecting internationally proclaimed human rights.

We map our supply chain to highlight any sustainability hotspots for further action.

We ensure transparency in our business conduct and communications.

Progress

Ethical sourcing policy within Tulip Ltd, monitoring our supply chains to prevent labour exploitation.

Embedding our global procurement policy.

People



Commitments

We create workplaces where people feel valued and give their best.

We proactively ensure the health, safety and wellbeing of our people.

We strive to create a workplace that reflects society and its diversity.

Progress

Health and wellbeing programmes for staff "Equipped for Life" and "Commit to Fit".

Innovation projects to improve the health and safety of staff.

Communities



Commitments

We are a positive partner in society.

We are respectful of and collaborate with the communities we work within.

We focus our charitable efforts on three areas: food poverty, education and supporting the local communities in which we operate.

Progress

Continued support for charitable organisations.

Continuing donations of surplus food to food charities.

Supporting the teaching of Danish children about cooking and healthy eating.

We are satisfied with what we have achieved, while we acknowledge that there are opportunities for improvement in the years to come.

Our 2015/16 Corporate Responsibility Report contains more information on progress.

The report can be found on the Danish Crown website <http://www.danishcrown.com/Danish-Crown/CSR.aspx>. The report also serves as our annual Communication on Progress to the UN Global Compact. In addition, it meets our legal obligation for CSR disclosure under section 99a of the Danish Financial Statements Act.

Responsible agriculture



Commitments

We support research and innovation which seeks to improve animal welfare.

We work closely with our farmers, and we support sustainable farming practices.

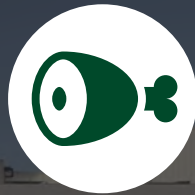
Progress

New animal welfare policy in the UK defines our commitment to driving up animal welfare standards.

Continuing work to ensure the responsible use of antibiotics in farming.

Actively promoting the food and farming industry among young people.

Products



Commitments

We seek positive solutions to reducing the salt, sugar and fat content in our products.

We consider life-cycle sustainability and waste at the product development stage.

We work with our customers and suppliers to develop improved sustainable packaging solutions.

Progress

Launch of a number of products focusing on healthier living through reduced fat and salt content.

Introduction of life-cycle sustainability factors in the new product development process in the UK.

Focus on packaging solutions to reduce food waste in households.

Environment



Commitments

We put all waste to positive use by maximising the re-use, recycling and recovery of materials.

We actively measure, monitor and target reductions in water and energy consumption.

We motivate, train and involve our staff in continuous improvement projects.

Progress

Group-wide energy audit to identify opportunities for improvement.

Solar panels produce energy for sites in the UK.

Water-saving project, focusing on 30 per cent reduction in water use by factories.



Responsible business




Our goal: Whether we are dealing with customers, suppliers or our own people, integrity and trust are the ties that bind us. Our goal is to continually grow our reputation as a business that deals honestly, transparently and with integrity, both in the marketplace and throughout our value chain.




Business conduct

Danish Crown operates around the world, and in several markets where corruption and facilitation payments can occur. We do not accept either corruption or facilitation payments.

We are actively working to prevent facilitation payments, and our policy is being impressed on all employees through regular risk analysis, particularly in regions where facilitation payments are widespread.

PRIORITIES: FIVE-YEAR STRATEGY PLAN		PROGRESS
Bribery and corruption; implement a bribery and corruption policy in Danish Crown and affiliated companies		We launched a "global procurement code of conduct" in relation to responsible business conduct, including bribery, corruption and corporate gifts. The policy is adhered to within the central procurement team, but requires roll out to all business units.
Zero fraud and bribery tolerance		No material fraud cases reported within the reporting period.
Communication; communicate openly and transparently		We are starting to embed communications policies throughout our business, to ensure a formal structure for communication is in place across the whole group. One such example is our collaborative intranet; given the geographical diversification of our operations, the intranet was redesigned, aiming to strengthen ties between employees. The tool, under this new format, started to encourage the spread of best practices and exchange of experiences between internal stakeholders.

 • Not achieved

 • Behind plan

 • On plan

 • Achieved

INTERVIEW



Duncan Amps
*HR Business Partner,
 Tulip Ltd*

With the introduction of the Modern Slavery Act legislation in the UK, the outlook on ethical issues in the supply chain has become very high profile. The Act is one of the most far reaching pieces of legislation in the world addressing issues of slavery in the 21st century. The Act includes the "Transparency in Supply Chains Clause", which requires companies to publish an annual slavery and human trafficking statement, publicly disclosing the steps taken to ensure slavery and human trafficking are not taking place in any of its supply chains or in any part of its own business. Our statement will be published in March 2017.

We (Tulip Ltd) have been working on this agenda for a number of years and already taken many steps to address potential labour rights violations within our own business, including implementing practices to prevent labour exploitation (Stronger Together practices and whistle blower helplines), carrying out audits on agency labour providers including interviews with workers, and running staff surveys for both our employed workers and agency workers and further checks through payroll and personnel records.

Our focus will now begin to move towards our supply chains, and not just Tier 1 suppliers, but looking through the whole supply chain, with the ambition to ensure that every worker in our global supply chain is treated fairly. Our objective is to ensure that all suppliers (including farmers) within the Tulip Ltd supply chain treat their workers fairly, honestly and with respect for their basic human rights and wellbeing. Moving forward, we are in the process of writing an updated ethical sourcing policy for Tulip Ltd in the UK, determining how we will review and monitor labour rights in our supply chains.

INTERVIEW

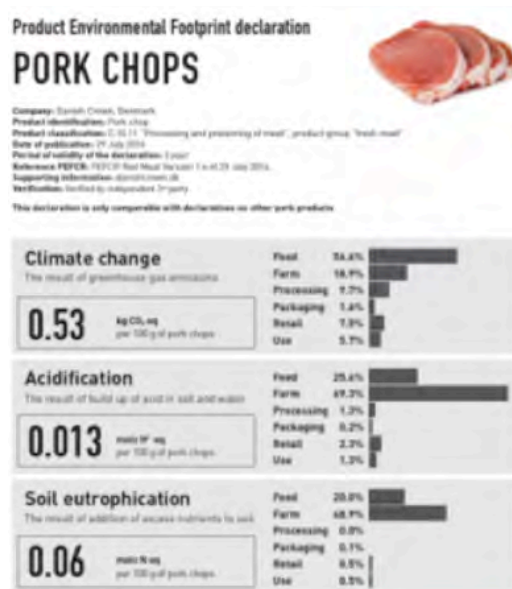


Charlotte Thy
*Senior Sustainability
 Manager, Danish Crown*

We are heavily involved in a European Commission project to define a standardised method of calculating the environmental footprint of products, in our case red meat.

The project is now entering the testing phase to see how consumers react to product labelling, however, the finalised footprint for pork has been produced. We have included climate change as one of 15 environmental impact categories.

This shows the key climate change hotspot relates to on farm emissions, and specifically feed.



Human rights and responsible sourcing

Danish Crown puts a lot of focus on human rights, both regarding how the companies within the Danish Crown Group treat their own employees and the group's ability to influence suppliers' focus on human rights. We recognise and protect basic international human rights, including labour rights. We want to ensure that human rights are not violated within Danish Crown companies, and we demand the same of all our business partners.

Suppliers of consumables and subsidiary materials that come into direct contact with foods must, as a minimum, comply with the principles of the UN Global Compact, of continuously reducing their environmental impacts and having a robust food safety system. Danish Crown is incorporating these requirements in a Framework Agreement (FWA) as and when we conclude new agreements and renegotiate contracts.

	2012/13	2013/14	2014/15	2015/16
Total number of supply contracts above 1 million (live animals excl.):	333	252	345	322
Number of supply contracts based on Framework Agreement or similar	251	205	250	175
Number of supply contracts based on Framework or similar in %	75%	81%	72%	54%

PRIORITIES: FIVE-YEAR STRATEGY PLAN	PROGRESS
Implementing practices to prevent labour exploitation in the supply chain.	There is considerable work ongoing in this area, with our UK business leading the agenda, to address the requirements of the Modern Slavery Act.
Embed sustainability into our procurement process. Incorporate sustainability requirements into all supplier contracts for all companies.	We have started this process centrally, and need to work now to embed the same principles throughout each business unit.
Supplier risk assessment; ongoing re-evaluation of the method as well as the extent of the Supplier Risk Assessment, including disseminating the method to relevant business units.	This process has not begun as yet.
Identifying supply chain hotspots; map our supply chain to highlight key sustainability hotspots for further action.	We understand our overall impacts and the key hotspots in our supply chain. Historical studies we have participated in and those for the industry as a whole help us to highlight key sustainability hotspots. However, more work is being done to understand specific areas in greater detail.
Assess and review the sustainability of key raw materials through life cycle assessments.	This process has not begun as yet.

-  • Not achieved
-  • Behind plan
-  • On plan
-  • Achieved



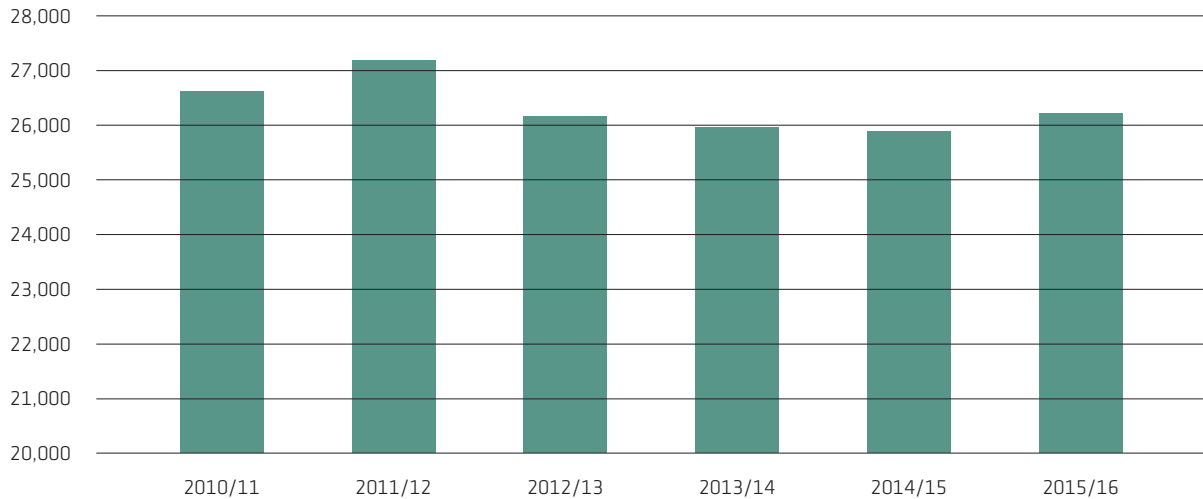
People

Our goal: A workforce that is safe, healthy and always learning; we strive for positive workplaces where people feel valued and give their best.



Our workforce

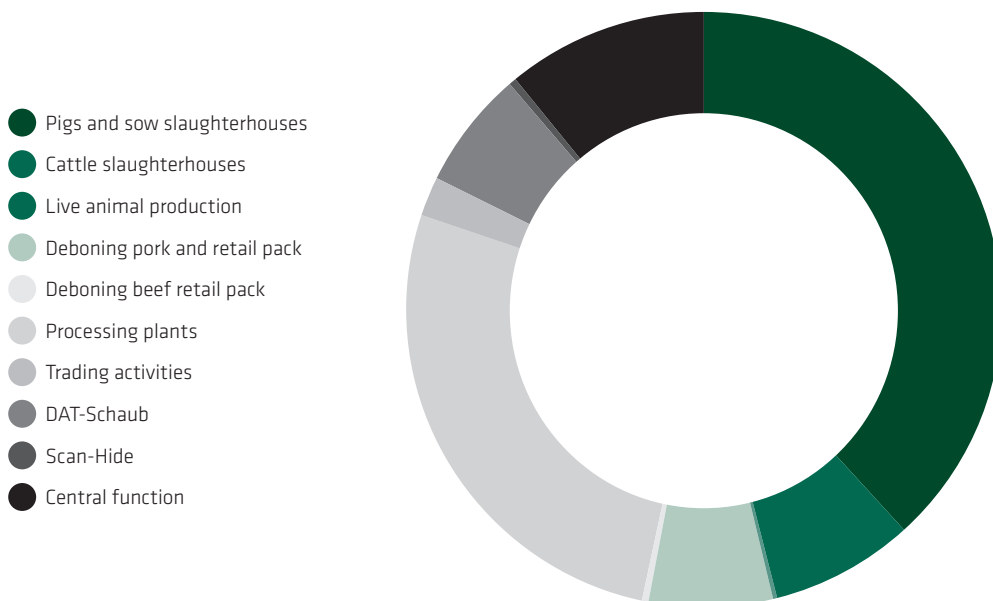
TOTAL NUMBER OF EMPLOYEES



(Total number of employees - Full Time Equivalent (FTE) average)

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Total number of employees (FTE) - average	26,655	27,178	26,231	25,980	25,873	26,276
Total number of employees leaving Danish Crown Group (FTE)	5,025	4,945	4,738	4,771	5,350	6,041
Number of employees leaving the group - in %	19%	18%	18%	18%	21%	23%

TOTAL NUMBER OF EMPLOYEES

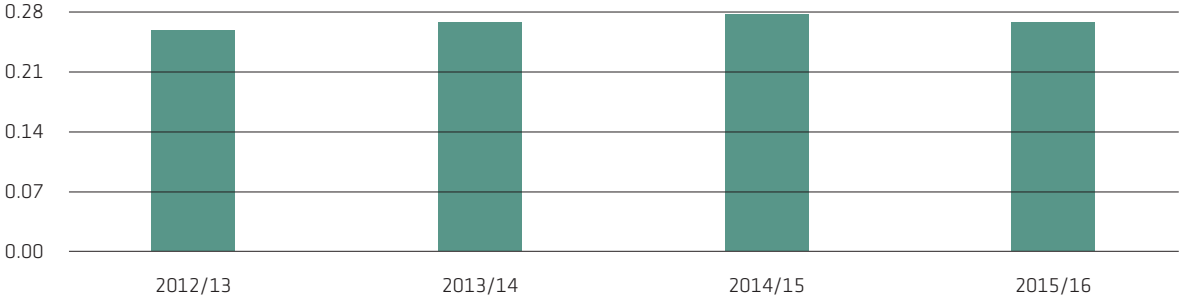


Diversity

Diversity in all levels of the business is an important issue for us. Both when it comes to nationalities, ethnicities and gender. We measure the percentage share of women within management positions; this has remained static at 27 per cent.

Danish Crown is working continuously on balancing the diversity and is very aware of this matter also when it comes to top management.

SHARE OF WOMEN IN MANAGEMENT POSITIONS IN PERCENTAGE



Health, safety and wellbeing

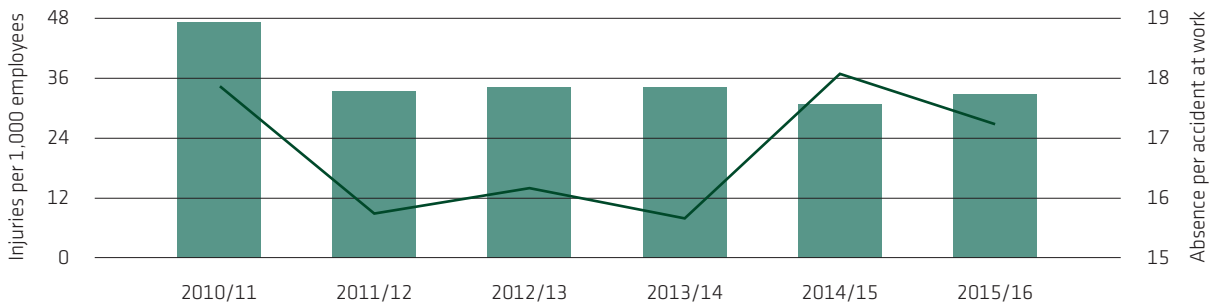
The health and safety of our employees is a high priority for the Danish Crown Group. The group companies in Denmark, Germany, the UK, France and the US have implemented health and safety management systems.

These management systems ensure that the companies follow uniform procedures for handling health and safety issues and continuously improve the working environment. The pig slaughterhouses and casings cleaning facilities in Denmark are certified according to the OHSAS 18001 health and safety standard. Danish Crown's employees are involved in the work via

occupational health and safety organisations and groups that are continually being trained and updated on the latest working environment know-how. New technology that can completely remove the risk of accidents for the individual employee is tested, tried and introduced where practicable.

It is with deep regret that we need to report on a fatal accident within this reporting period. In September 2016, a 43-year old Danish truck driver lost his life in a traffic accident, near Ringsted in Denmark. The accident was tragic, but accidental, and has not given us reason to review our policy and procedures.

HEALTH AND SAFETY



PRIORITIES: FIVE-YEAR STRATEGY PLAN

All factories reduce the number of accidents at work that lead to a full day of absence. At company or division level, the aim is to reduce the number of work-related accidents by 20 per cent (4 per cent a year).

To motivate and inspire employees to adopt healthy exercise and eating habits and to ensure health initiatives at all workplaces.



PROGRESS

Health and safety performance is measured in the number of lost time accidents occurring, converted to an incidence rate, based on injuries per 1,000 employees. The incidence rate (injuries per 1,000 employees) remained relatively static, increasing marginally from the previous year.

Employee wellbeing programmes have been introduced in several operating companies with good success, and now require rolling out to the whole group.



• Not achieved



• Behind plan



• On plan



• Achieved

CASE STUDY: Wellbeing programme

"Equipped for Life" is a staff wellbeing programme, run by Tulip Ltd in the UK. It is designed to support staff in all aspects of life – in, around and beyond the workplace.

The programme offers staff the opportunity to get the most out of the workplace, benefitting them, their family and in many cases the local community. In 2015/16, we undertook 1,226 health surveillance checks.



Staff wellbeing

- "Commit to Fit" programme launched by Plumrose in the US, focussing on health and wellness. The campaign focuses on monthly wellness topics such as nutrition, fitness and self-improvement.
- Daycare facility for children – in Oldenburg, Germany, a collaboration with local businesses has led to the foundation of a daycare facility for children.

Communication

- DAT-Schaub in Poland ensures great levels of communication with staff through workshops to discuss targets, processes and ideas, as well as new approaches to business and the marketplace.

Health and safety

- Shock sensors on forklift machines – mounting shock sensor systems to monitor driver behaviour has increased the focus on safe driving.
- Employee Appreciation Lunch, for Plumrose in the US, to help celebrate going three months with no accidents on site.

Employee development

Employee development is an important area of investment to ensure our long term competitiveness. We provide a range of programmes to support and strengthen our workforce's knowledge and skills. Competence development is an important element in implementing Danish Crown's policy of ensuring a more equal distribution of men and women at all management levels.

Danish Crown puts massive focus on monitoring the wellbeing of our employees.

We train our managers to be aware of factors influencing the wellbeing of the employees. We carry out a staff survey "CHECK" on a regular basis, thereby gaining input on working conditions and satisfaction with management. The survey is completed annually for management, and bi-annually for all staff. As a result of the survey, all managers have to present an action plan for their own department. The number of employees participating in the CHECK survey has been expanded, making it much easier for Danish Crown to point out where to focus in order to improve working conditions.

CHECK - employee survey

DANISH CROWN 



DAT-Schaub



2016

(salaried employees only)

4,467

2015

(all staff)

9,364

2014

(salaried employees only)

2,123



Communities




Our goal: Beyond providing employment, we want to be a force for good in the communities in which we operate. We seek to forge positive, long-term relationships with our neighbours, local people, businesses and other organisations in order to contribute to sustainable local development.





Communities

We are keenly aware of the responsibilities we have to contribute to the communities our business serves. Our prime concern in this area is with regard to being a good neighbour, and monitoring this through the recording of complaints we receive.

Our community investment programmes focus on three target areas: hunger, education and supporting local communities. The majority of our charitable contributions are directed to important causes and non-profit organisations that are working in these three areas.

PRIORITIES: FIVE-YEAR STRATEGY PLAN		PROGRESS
Reduction in complaints from local communities		We currently only collate information on complaints received at a local level. As a result, we are unable to report on progress against reducing overall complaints, although we do ensure that all complaints received are logged at individual site level, and actions taken to alleviate any issues.
Focus charitable support on: hunger, education and supporting local communities		Each of our business units has historically developed its own community investment programmes. As a result, progress is primarily communicated through individual case studies of action at a local level. Key performance indicators are not in place as yet for us to be able to track progress as a group, across all business units.
Support actions on food poverty		Numerous actions are ongoing at an individual business unit level, with many sites supporting local charitable organisations with donations of surplus food. However, this is not co-ordinated across the group as yet, and as such, we are unable to communicate specific progress.

 • Not achieved

 • Behind plan

 • On plan

 • Achieved

Supporting food education

In Poland, Sokołów has been running workshops from their "Academy of Taste". The first series of workshops was dedicated to older people, where chefs were on hand to support in the preparation of delicious, inexpensive and nutritional meals. Recipe ideas are published on a dedicated website, entitled "The Flavours of a Good Life", presenting practical tips for healthy eating.

A further series of workshops was dedicated to supporting people with diabetes. Cooking workshops co-organised by Sokołów help people to prepare meals suitable for a diabetic diet. They are part of a project "Menu for Diabetics", implemented jointly with the Coalition to Combat Diabetes, and are held in selected locations around Poland.



Youth unemployment

Movement to Work is a voluntary collaboration of UK employers committed to tackling youth unemployment through provision of high quality vocational training and work experience opportunities for young people. In the UK, we provided training for over 60 young people, 19 of whom stayed on in permanent roles.



CASE STUDY: KLS Ugglarps, Sweden



KLS Ugglarps established their own education program for young people. The program was started to help provide people who have difficulty entering the labour market an opportunity for education that could lead to a job. It also helps ensure the training of skilled positions as production increased.

The education program is carried out during a period of 20 weeks and is finalised with an exam.

In addition to education in the butcher profession, the students are taught about ergonomics, health, safety and food quality. The students are offered a three month internship, which can lead to employment in KLS Ugglarps or other companies in the industry. During the seven years that the education has been running, 64 per cent of the students were employed full time following the programme.

CASE STUDY: Food Surplus



For a number of years, Danish Crown has given visitors at the Danish music festival Smukfest in Skanderborg the possibility to spend the festival in an outdoor pig housing unit. These pig housing units have been modified to provide luxury

accommodation for two legged creatures. Besides the special sleeping arrangements, the guests are also treated with food from Danish Crown and a lot of entertainment, and as a result there is a lot of interest in these pig housing units.

This year we raised 300,000 DKK to "Madskolerne", a charity which focuses on teaching young children to cook healthy food. Additionally, any food surplus from our activities at the festival was collected by a food bank charity "fødevareBanken", this amounted to 250 kg of donations.

300,000 DKK raised to Madskolerne this year

CASE STUDY: Production surplus ends up with charity



Surplus from the production at the three Tulip Food Company factories in Germany (situated in Oldenburg, Schüttorf and Dinklage) ends up every week at the local "Tafels" - a special social movement in Germany which literally translates as (dinner) table. It collects excess food and distributes it to people in need. In 2015/16, this amounted to approximately 36,000 kg of products.

Social change with the world's most travelled hot dog stand

In more than 16 countries and 5 continents, Fanny Posselt has travelled around the world with her mobile hot dog stand, to help contribute to positive social change. Tulip

Food Company has supported Fanny for 10 years. Since 2003, Fanny has travelled around with the world's most travelled hot dog stand, where she and many volunteers have been giving out free hot dogs and raising money for many different charities. Fanny has handed out approx. 59,874 hot dogs for free on five continents and many people around the world have been inspired and co-invested in social change.

Among other activities they have supported children with arthritis, built an orphanage in China, established micro businesses in South Africa and India through start up capital and skills training.

Charitable fundraising

Tulip Ltd has raised over 24,000 GBP for charities supported by the business, including 16,000 GBP so far this year for their corporate charity, Shelter, the housing and homelessness charity.

They are working towards their goal of raising a total of 25,000 GBP by the end of March 2017. All sites have played their part in fundraising through taking part in a wide range of activities.



Raising a total of
25,000 GBP



Responsible agriculture

Our goal: For us, responsible agriculture means more than great practice in animal welfare, we will scrutinise and seek to improve every part of the process that goes into raising our livestock.



Responsible agriculture

How animals are treated on the farms, during transport and in the slaughterhouse is of primary importance to us. The "from farm to fork" principle is dynamically integrated in every process, from educating our pig producers, regulating pig breeding and animal health procedures, enforcing policies on animal feed and minimising transportation time to the slaughterhouse.

Danish Crown meets all statutory animal welfare requirements and also provides a wide selection of products that meet special consumer requirements, with respect to quality and animal welfare. Our Danish pig suppliers must comply with a Code of Practice for animal welfare on their farms. Similar schemes are found in the UK, and we continuously investigate the possibility of introducing similar schemes in other business units. Current cooperative members sign to confirm acceptance of the Code of Practice, and all new members are required to do the same.

The Code of Practice for cooperative is a dynamic tool, which is updated to reflect current best practice. Danish Crown identifies animal welfare requirements in primary production together with our cooperative members.

Danish Crown has a special responsibility for ensuring that the collection, unloading and slaughtering of animals are carried out as gently as possible and performed within reasonable time limits. Employees engaged in handling live animals therefore receive special training so they understand the animals' behaviour and physique. Danish Crown also strives to make the time of transportation from farmer to slaughterhouse as short as possible.

This year, we have set up an Agricultural Committee, comprising experts from around the business to review standards across countries and share best practice.

INTERVIEW

Farm animal welfare is increasingly becoming a topic of interest with consumers, retailers and industry. We are proud to have been able to pull together all of the excellent things that we do relating to pig welfare into one easy reference point, the Tulip Ltd Animal Welfare Policy.

Welfare topics including how we manage animal welfare, what production systems we have in our supply chains, pre-stunning of pigs, farm assurance standards that our supply chains operate to, pig traceability, pig health, antibiotic use, genetic engineering, feed and pig mutilations are all covered. The policy is intended to give readers a flavour of the standards we operate to in key areas of animal welfare, and summarises the work that goes on behind the scenes to ensure that animal welfare is always at the forefront of what we do at farm, logistics and slaughterhouse level.

Danish Crown takes part in the Business Benchmark on Farm Animal Welfare (BBFAW). The annual BBFAW assessment provides a summary of participating businesses' practices and reporting of farm animal welfare and is acknowledged globally as a clear indicator of a business' position on key animal welfare issues. The Tulip Ltd Animal Welfare Policy provides a clear summary of Tulip's stance on key

animal welfare topics which will contribute towards Danish Crown's overall BBFAW score. Ultimately, we would like to have an animal welfare policy publication for each country where Danish Crown operates, but in reality the value of such a document lies in what the individual business units are doing over and above industry and legislative requirements, so creation of these policies, where appropriate, will most likely be rolled out on a country by country basis. We are also looking to consolidate this into an overall Danish Crown animal welfare policy document in the future.

Specific areas of animal welfare interest which members of BQP (part of Tulip's farming division) are currently working on include the responsible pig health program a key driver of which is to reduce antibiotic use where possible without compromising pig welfare and a sustainable soya supply initiative which focuses on developing more local non-GMO soya sourcing options for the pig feed that is used within the BQP. We hope to be able to communicate progress on both of these topics in more detail in the future.

Andrew Saunders
*Tulip Agriculture Director & Chairman
Danish Crown Agricultural Committee*

PRIORITIES: FIVE-YEAR STRATEGY PLAN

Develop KPIs which we can be used to monitor our progress in specific areas of pig welfare

Update our animal welfare policies to provide clear information on animal welfare management practices

Collaborate with the wider industry on sustainable animal feed programmes

PROGRESS

Across the Danish Crown business we are beginning to put in place KPIs which can be used to monitor our progress in specific areas of pig welfare.

These include KPIs for dead on arrival at slaughterhouse (DOA), percentage of pigs affiliated to farm assurance schemes and average travel times to abattoir. In the future we hope to be able to also roll out KPIs for percentage of pigs' tail docked and percentage of pigs pre-stunned prior to slaughter. The latter two KPIs can in most countries already be reported on an individual country basis but more needs to be done to ensure that reporting across countries is completed consistently.

The Tulip Ltd Animal Welfare Policy provides a clear summary of Tulip's stance on key animal welfare topics.

Ultimately, we would like to have an animal welfare policy publication for each country where Danish Crown operates, but in reality the value of such a document lies in what the individual business units are doing over and above industry and legislative requirements, so creation of these policies, where appropriate, will most likely be rolled out on a country by country basis. We are also looking to consolidate this into an overall Danish Crown animal welfare policy document in the future.

BQP recently announced the introduction of responsibly sourced non-GMO soya for animal feed from Europe. BQP brought in its first shipment of soya grown in the Danube Region of Europe to be used in pig feed rations.

However, when it comes to the wider UK and EU meat and livestock supply chains, the reality is that alternatives are not yet there on a large scale. The EU continues to be heavily reliant on imported protein crops to fulfil its protein requirements.



• Not achieved



• Behind plan



• On plan



• Achieved

CASE STUDY: Denmark takes leading role in limiting antibiotic usage for pigs

The Danish pork industry and the Danish Veterinary and Food Administration (DVFA) have been commended by the European Commission for the measures they have taken to limit antibiotic usage for pigs.

Between 2009 and 2015 antibiotic usage for pigs in Denmark was reduced by around 22 per cent, and the Danish Parliament has agreed a plan to reduce antibiotic usage by a further 15 per cent between 2015 and 2018.

Danish antibiotic controls continue to be refined and the latest development to the Yellow Card scheme, which became effective from July 2016, sets new threshold levels for antibiotic usage for pigs and incorporates a more targeted focus on usage of those antibiotics that are deemed to be important in human medicine.

Antibiotic usage reduced by around **22** per cent



CASE STUDY: "All natural pork" - free from antibiotics

Danish Crown has launched an "all natural pork" range, where the pigs are raised without the use of antibiotics. The pigs are born and raised on Danish family farms, by dedicated and experienced farmers, with a high focus on animal welfare.

The pigs go through life without being given any antibiotics or growth promotants.

Raising all natural pigs without antibiotics requires more work with and care of the individual pig.

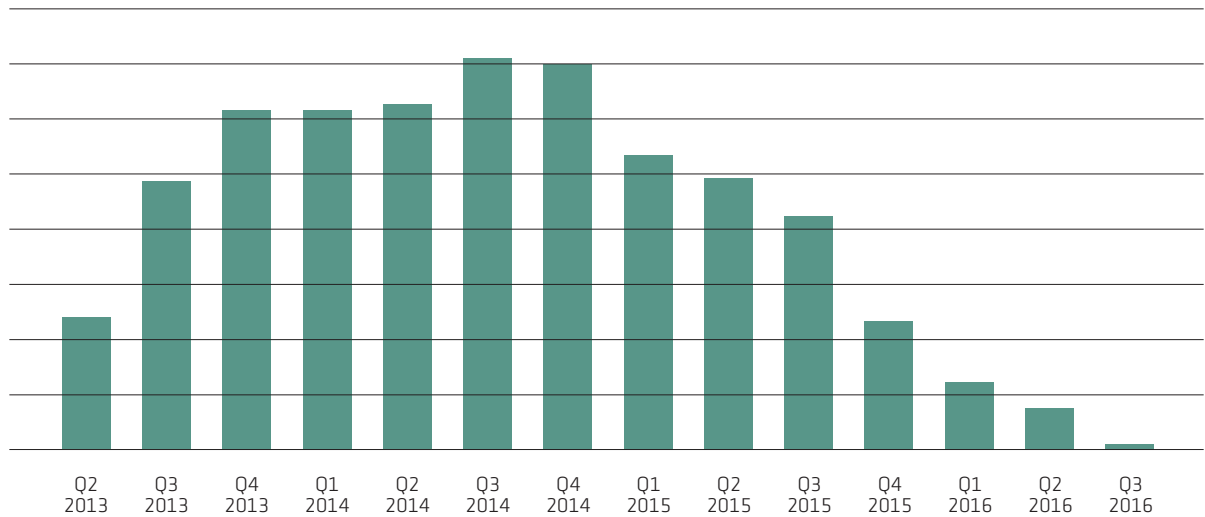


Antibiotic usage reduction within our UK farming business

The use of antibiotics in agriculture is a key issue for us. A misuse can lead to the development of antibiotic resistant bacteria and critically important antibiotics (CIAs) must be safe guarded for human medicine. Our UK farming division, BQP, now has antibiotic usage

data for all farms. For breeding farms they calculate this as amount of antibiotic used per piglet produced, and for growing farms they calculate it so that we know how much antibiotic was used per kg produced.

ANTIBIOTIC USAGE REDUCTION WITHIN THE UK FARMING BUSINESS



What have BQP done to achieve this reduction?

- Improving the health of our breeding herds: Some of our lower health herds we practice a programme to depopulate our lower health pig herds and then repopulate with high health breeding stock'. 'The adoption of new vaccination programmes on our breeding herds has helped us to improve and control the PRRS virus.' then continue with wording This virus depletes the immune system of pigs and makes them susceptible to other infections that they would just normally fight off. It is the major cause of disease in our growing pigs, and although we only started this programme at the end of last year, already we are seeing huge benefits.
- Removing antibiotics from the pigs feed: Giving healthy animals antibiotics is obviously not a good practice, and is now regarded as unacceptable in the fight to prevent antibiotic resistance.
- More precise medication of ill pigs: We are investing in new technology that will allow a much more precise way of medicating a group of ill pigs. All our farms will have a device, if required delivers an accurate an accurate dose of medication to pigs via their drinking water.
- Improving drinking water quality: The spinoff of fitting water dosers is that it has allowed us to use water disinfection products to improve water quality.
- Stopping the use of critically important antibiotics (CIA) to human medicine: It is important that we reserve certain antibiotics for human health only, and so at BQP we have put in place a voluntary ban on these antibiotics.
- Dedication and good stockmanship by our farmers: The greatest influence on the health of the pig is how it is looked after. The systems we use, outdoor breeding herds and straw based growing farms is of the highest welfare, and we ensure we only work with farmers who demonstrate high levels of stockmanship.

CASE STUDY: Staff holds the key to pig farm sustainability

Most successful pig producers will say that skilled, enthusiastic and committed staff is the most important part of their businesses. Yet for many, finding and retaining employees is the toughest challenge they face.

For Danish pig farmer Asger Krogsgaard, his approach to staff development and retention has been instrumental in helping his 100-sow business grow to one that produces 22,000 piglets and 33,000 slaughter pigs a year. Part of the approach was to implement systems that were designed with efficiency in mind. In addition to automated weigh scales, which make it easier for staff to track pig growth, he installed automated feeding systems and an easy loading system that allows truck drivers to collect the pigs without staff being present.

But it is not just the investment in infrastructure that makes it an appealing place to work: their approach to staff development, management and providing facilities for them is key, too. "I couldn't operate my business without my workers," says Asger Krogsgaard. "I can't be on the farm all the time, so I have to give them responsibilities so I know someone is there every day and doing the job well. I know that to have the number of pigs I produce, and to run the business the way I do, I need to have excellent conditions."



BQP's 100th New Build - BQP is the dedicated agricultural operation of T ulip's Dalehead division. BQP were on hand to help ensure young farmer David Bird got off to a flying start when he took delivery of his first batch of pigs at his newly constructed pig farm buildings in Suffolk, UK. This was the 100th new build unit to come on-stream during recent years.



Moving stable - A FRILAND farmer, Hans Henrik Thomsen from Hallund, Denmark, wanted to have his organic pigs out in the fields rather than in a stationary stables. The answer was the development of a rolling barn tracked feeder for up to 150 pigs. The portable stable can be moved every day, limiting the impact on ground conditions.



Environment

Our goal: As a leading food producer, from farming to packaging, every stage of our process has the potential for significant impact on the environment. We aim to reduce that impact wherever possible, actively seeking opportunities to continually reduce waste and our use of natural resources.

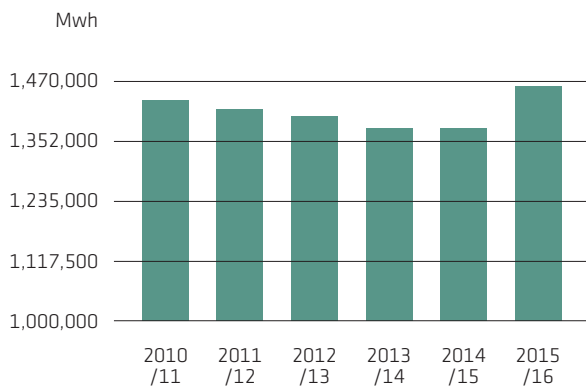


Climate change and energy use

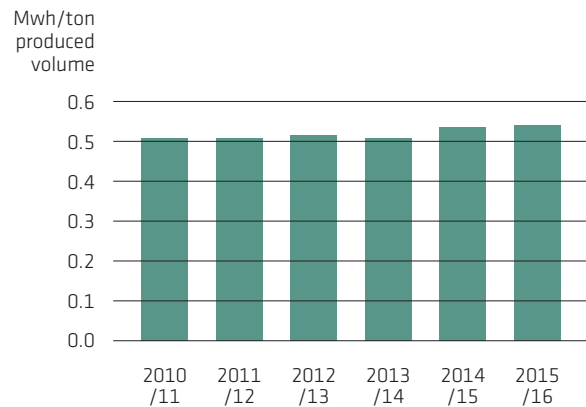
Danish Crown focuses on the overall climate change impact of our products. We are therefore working to reduce the environmental impact of the group's activities. Efforts are being made to reduce energy consumption at our facilities are concentrated on the most energy-intensive processes. The temperature in Danish Crown's factories is critical to food safety, and consequently process cooling for rooms and for freezing products is the primary source of energy consumption.

Our efforts have focused on individual site energy management projects to work towards a 3 per cent year-on-year improvement. In absolute terms, our total energy has increased 6 per cent on the previous year, however, with production increasing by 5 per cent for the same period, our relative energy performance ratio saw a minor increase in energy intensity (use per tonne produced) of 1 per cent.

ABSOLUTE ENERGY (MWH)



ENERGY INTENSITY (MWH PER PRODUCED VOLUME)



PRIORITIES: FIVE-YEAR STRATEGY PLAN

Reduction in the consumption of energy (electricity and fuel) to the group's best practice level within the strategy period. We aim at a reduction of 3 per cent per year per produced volume.

Defining environmental KPIs and developing tools for benchmarking between production facilities, strengthening data collection and follow up on KPIs.

Quarterly reviews of utility reduction performance across all production sites.

PROGRESS

Our energy intensity (MWh/tonne) saw a minor increase of 1 per cent on the previous year.

We have increased our reporting frequency from all business units and collate and benchmark site KPI data quarterly. This information is shared across the group to highlight areas of best practice, and also areas for improvement.

We have a strong programme of site based reviews in place for our largest business units, and review all our divisions' performance quarterly. However, individual site reviews have not been rolled out to all business units as yet.

○ • Not achieved

◐ • Behind plan

● • On plan

☑ • Achieved

CASE STUDY: Energy audits

As part of demonstrating compliance to the EU Energy Efficiency Directive, this year we have undertaken energy audits at a broad range of sites across the group.

Specific findings included:



Solar power

Tulip in the UK installed roof mounted solar panels at three sites, resulting in the production on renewable energy equal to approximately 5 per cent of the sites daily energy use.

Salami production

Tulip Food Company identified a significant energy reduction during the production of salami. The salami is cured in special fermentation ovens for a week, prior to storage in a climate controlled zone for a further three weeks.

The controls were changed to ensure tighter control of the temperature and also to use filtered ambient air for drying. Overall, the projects resulted in an annual reduction in energy consumption of 958,000 kwh.

Reuse of heat to generate hot water

Our energy survey in Oldenburg, Germany, showed the opportunity to reuse heat from exhaust pipes in the compressed air system and exhaust from the smoke ovens. This heat can be used for heating water for cleaning purpose.

Drying efficiency

The install of an intelligent system for drying has led to an energy reduction of 90 per cent for that specific process. The installation at three Danish slaughterhouses (situated in Horsens, Blans and Sæby) measures how forcefully hot air should be blown into a production area for drying. Historically, fans would run at full intensity full time, whereas the intelligent system reduces the load when it is no longer required.

'Utility saver assessment' benchmarking

Tulip in the UK have produced a tool to help sites benchmark themselves against potential utility saving opportunities and maintenance activities. The tool defines specific tasks that can be completed in each area of the factory, such as the boiler house, and the sites ends up with a percentage score for how well they perform.

This has been a really useful tool in comparing sites against each other and giving our engineers a focus for improvement.

Water

We are taking measures to reduce our overall water footprint. Danish Crown uses water to clean our production facilities, for disinfection, and to cook our products. Some of the water evaporates in connection with cooling, cleaning and drying, but most is discharged as waste water.

We are continually looking to reduce the group's water consumption and the volume of organic material, which is discharged to the drains. These efforts include changing behaviour as well as implementing technical solutions.

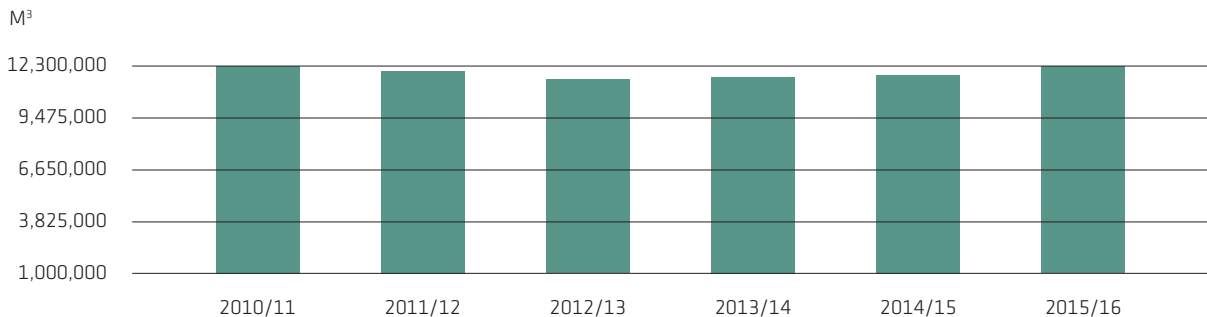


Water use in factory is a key issue for us. We monitor our usage very carefully and have reduced our water use significantly over the years, but our improvements have begun to plateau. As a result, we needed to look at step change projects to help us to keep reducing.

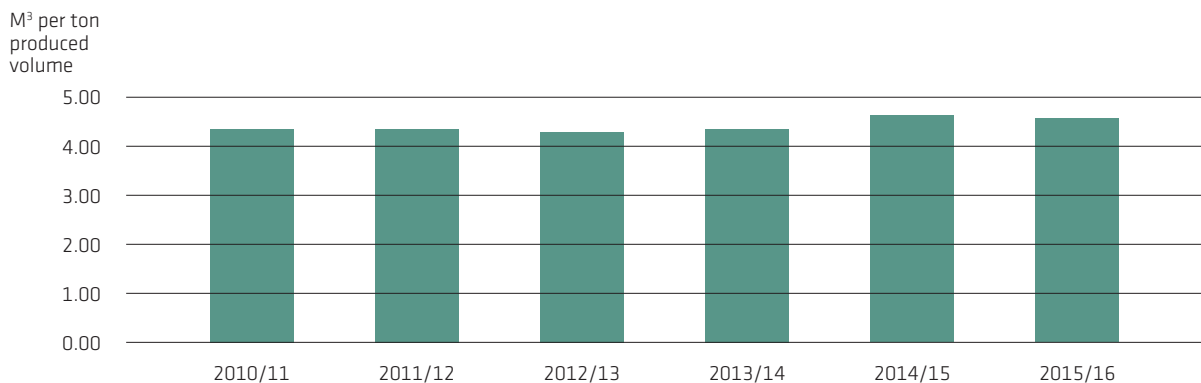
We are involved in a public/private multi stakeholder project called DRIP (Danish partnership for resource and water efficient industrial food production). DRIP is focused on water efficiency in the food industry with 19 different partners, including other food manufacturers, technology providers and universities, with the aim of developing new sustainable water and production technology solutions that can reduce water consumption in industrial food production by 15-30 per cent. The partnership was launched in March 2015 and will run for five years. We do not have specific results to communicate as yet, but have begun improvement projects, including detailed water use mapping at various sites.

Our efforts have focused on individual site projects to work towards a 3 per cent year-on-year improvement. In absolute terms, our total water use has increased 3 per cent on the previous year, however, with production increasing by 6 per cent for the same period, our water intensity saw a reduction in water use per tonne produced of 2 per cent. This is a result of our efforts to enhance awareness amongst our employees, as well as investing in the efficiency of our manufacturing water performance.

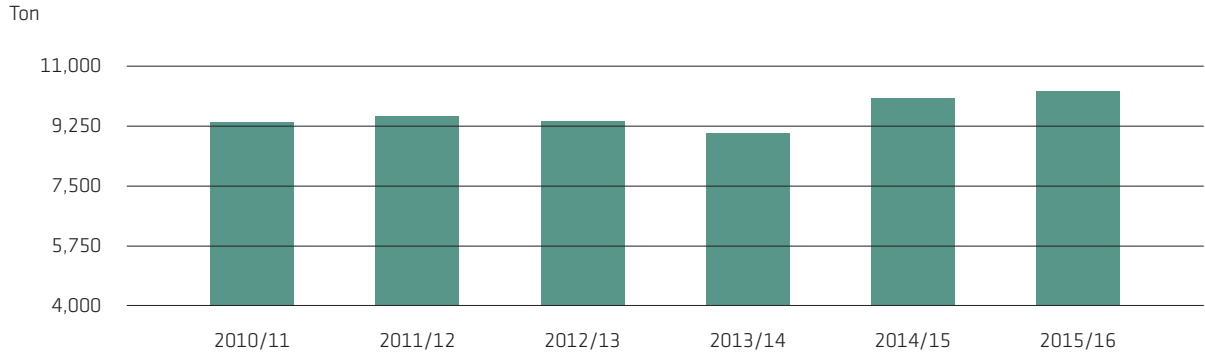
ABSOLUTE WATER (M³)



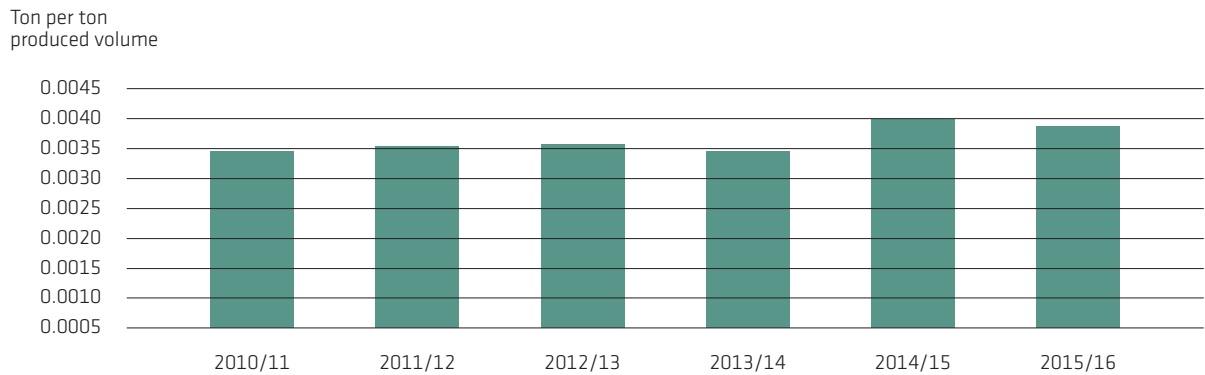
WATER INTENSITY (M³ PER PRODUCED QUANTITY)



TOTAL TOC IN WASTE WATER



TOC IN WASTE WATER PER PRODUCED VOLUME



PRIORITIES: FIVE-YEAR STRATEGY PLAN

Reduction in the consumption of water to the group's best practice level within the strategy period. We aim at a reduction of 3 per cent per year per produced volume.

Reduction in the organic strength of wastewater, per produced volume.



PROGRESS

Our water intensity ($m^3/tonne$) saw a reduction in energy use per tonne produced of 2 per cent.

Our total TOC in wastewater increased by 1.8 per cent, but with production for the period increasing by 6 per cent, TOC per produced volume decreased by 2.8 per cent.



• Not achieved



• Behind plan



• On plan



• Achieved

CASE STUDY: REUSE OF COOLING WATER

As part of our partnership programme, DRIP, our Esbjerg site in Denmark is reusing cooling water used in the production of soup. The water is fresh water that historically would run to a separate piping system and, after cooling, the water would run directly to sewer. The reuse water now runs to a separate buffering tank instead of to sewer. The water is now recovered and reused for cleaning purposes. The saving is approximately 15,000 m³ fresh water or 25 per cent of the total site water consumption.



CASE STUDY: WATER RECYCLING



DAT-Schaub in Poland is putting a lot of effort into reducing water use; all major usage areas in factory are fitted with water meters to help identify key usage areas. This helped identify the potential to recycle water within the production process through the introduction of specialised sieve tanks, leading to a 25 per cent reduction in the volume of water required.

25 per cent
less water required

CASE STUDY: 17 PER CENT WATER REDUCTION

Tulip Ltd in Westerleigh, UK, reduced water use on site by 17 per cent (a total of 783,000 litres), following the introduction of water sub metering to target major water use areas. Improvements included; reducing the operating times of key machinery, addressing excessive cooling tower water use, conducting out of hours audits to identify leaks, and regular progress reporting to the site senior team.

783,000
litres of water saved

Waste

We aim to put all waste to positive use by maximising the re-use, recycling and recovery of materials from our operations.

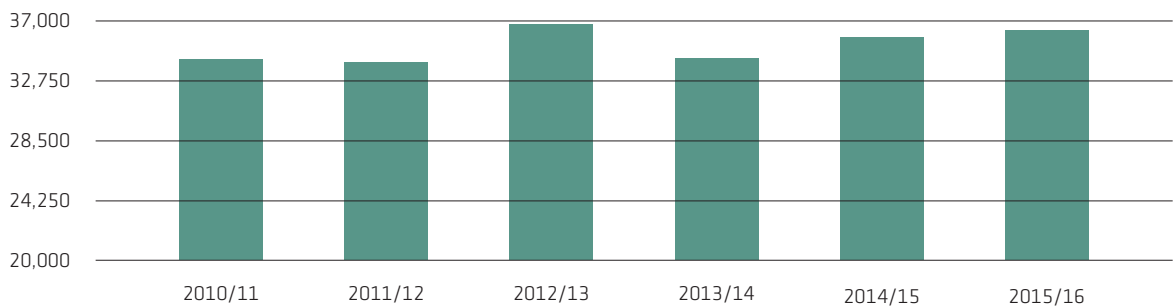
Danish Crown is focusing efforts on increasing the degree to which waste is sorted into recyclable waste fractions. This applies to plastic and cardboard. We also want to use as much of the animal as possible for food. By strategically

exploiting the differences that exist in global food cultures, we can sell more of the pig and the cattle for consumption, thereby reducing the loss of animal proteins.

Non-organic waste is generated mainly through redundant packaging, either transit or product packaging. The majority of this is plastics and cardboard of which the vast majority will be recycled.

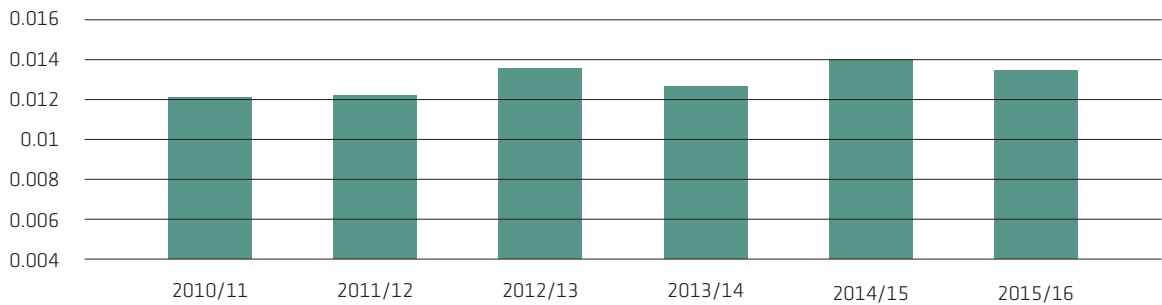
TOTAL NON-ORGANIC WASTE (TONS)

Ton



NON-ORGANIC WASTE PER PRODUCED VOLUME

Ton per ton produced volume



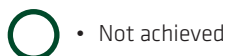
**PRIORITIES:
FIVE-YEAR STRATEGY PLAN**

Reduction in the volume of non-organic waste, per produced volume.

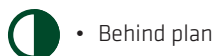


PROGRESS

Absolute levels of non-organic waste rose by 1.2 per cent, although due to a 6 per cent rise in production levels, the non-organic waste intensity reduced by 3.4 per cent.



• Not achieved



• Behind plan



• On plan



• Achieved

CASE STUDY: LEAN MANUFACTURING PROGRAMME



Plumrose in the US continues to implement lean manufacturing concepts and practices to reduce waste and improve efficiencies. The lean programme consists of three key areas: cost saving, 6S and a 26-week educational program based on Lean Six Sigma principles. The focus on 5S "Sort, straighten, scrub, standardize, sustain" is the foundation for lean manufacturing. The 5S process helped identify operational waste and identified opportunities to improve workplace optimisation and supply management. A standardised, disciplined approach for 5S training, auditing and driving continuous improvement was implemented across supply chain. The results clearly show a more organised operational/distribution operation that has employees focused on low cost production. The next step was to include safety into the 6S programme and drive improvement with employee safety.

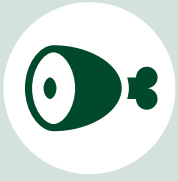
The 6S programme (sort, straighten, sanitize, standardise, sustain and safety) is in its second year. Each facility is divided into zones with champions accountable for the area. Scheduled audits are used to reinforce and provide feedback for driving and sustaining continuous improvement.

All plants showed improvements in 2016 with an average scores improving by 60 per cent across the supply chain. Each year, the audit and zone champions are reviewed to increase the understanding of lean and 6S.

The Lean Six Sigma educational programme selected two - three individuals from each facility. The course curriculum is based to provide yellow belt certification for the participants. The course content is focused on identifying our customers, defining value and waste, the importance of standardisation, team building and reducing variation.

The programme also includes problem solving, project management to drive out waste and increase efficiency and effectiveness.

Reducing waste and improving efficiency



Products

Our goal: Products which maintain the highest standards in food safety, which include healthier options for consumers and clear information to allow informed choices.



Products

Food safety

The quality and safety of the group's products are given extremely high priority. We impose strict requirements in regards to cleaning, our own checks and traceability, and are continually working to improve our internal procedures.




Production takes place at facilities certified by independent third parties in accordance with the requirements and rules applicable in the countries where the products are marketed. Danish Crown's facilities are primarily certified on the basis of the following standards: GRMS (Global Red Meat Standard), SQF (Safe Quality Food), IFS (International Food Standard) and BRC (British Retail Consortium).


In addition to our own checks and external auditing in connection with the certifications, our products are checked by local authorities as well as by our customers.


Danish Crown requires that our European suppliers meet EU food safety requirements. We are also working to ensure that non-EU suppliers meet these requirements. An important aspect of food safety is identifying any product contamination or defects before products leave production and are shipped to customers. This principle is guarded by a strict own control system that identifies potential food safety issues.

Food health

Improving consumer health is an important topic for us, and every year we launch new products where our focus is both on flavour and on fat and salt content reduction. We ensure that our products carry nutritional labelling so that consumers have a genuine choice. Consumer preferences and demands vary at different markets, and we therefore supply products tailored to different tastes and economies.

PRIORITIES: FIVE-YEAR STRATEGY PLAN		PROGRESS
Maintaining withdrawal of products at the lowest possible level		Against a total product delivery of 3,354,519, 65 tons of products were recalled in 2015/16.
Increasing the number of products with a reduction in salt and sugar levels		Every year we launch new products where our focus is both on flavour and on fat and salt content reduction. However, we are not currently gathering detailed information at group level on the number of products where salt and sugar levels have been reduced, and therefore we are currently unable to report progress.
Packaging innovation; delivering environmental benefits, freshness and reducing food waste		Individual business units are making progress on packaging innovation, with a focus on recyclability and resealability of packaging. However, we are not currently gathering detailed information on the number of projects implemented and therefore we are currently unable to report progress.

 • Not achieved

 • Behind plan

 • On plan

 • Achieved

Food waste and packaging

Food waste along the supply chain is a significant issue within our industry. Waste occurs at each stage of the supply chain, including within consumers' homes. In the UK, WRAP (Waste & Resources Action Programme) led a household food waste study (Household food and drink waste: A product focus, WRAP, 2014) to find that the pork category - comprising ham, bacon, chops, sausages and spare ribs - generated household "avoidable" waste levels of approximately 12 per cent of pork sales. The study also found that the main reason for consumer level waste was failure to consume the product before it perished.

As a result, our packaging innovation agenda focusses on three key areas; product freshness, environmental benefits and food waste reduction, areas which are well aligned to our wider CSR objectives. Therefore, we are taking action on a range of projects to help reduce consumer waste. For example, offering a range of different pack sizes to cater for the varying size households; and introducing re-sealable packaging systems.

Further work may also be undertaken to review the product life for all protein products to ensure the right guidance is given to consumers, without compromising product safety or quality.



INTERVIEW

My focus is on delivering packaging solutions that help fulfil our packaging innovation strategy focusses on delivering environmental benefits, freshness and reducing food waste.

Tulip in the UK were named winners in the 2015 Co-operative Own Label Awards, scooping Winners of Leading in Packaging Reduction. We were acknowledged for our packaging development strategy, which includes projects aiming to reduce food waste, increase the use of recycled packaging material and provide future solutions which can be recycled.

One project has worked towards removing PVC from packaging with substantial progress having been made during the past eight months. Another milestone has been a first-to-market re-sealable packaging innovation for large wafer thin ham, making it easier for consumers to use the amount of chilled cooked meats they require at any given time. It offers consumers a convenient way of using just the right amount of product they need; they can then re-seal the pack for later use, with the use by date remaining clearly visible.

We have had some great wins this year and have some exciting projects in the pipeline, including increasing the recyclability of our packaging in over 40 product lines enabling recycling by the consumer, and further work to launch re-sealable packs for cooked meat, bacon and sausage, enabling the consumer to keep the product for longer in the fridge and help prevent waste in the home.

Our packaging development is gaining traction and delivering real added value to our customers' current and future packaging needs.



Matt Richards
Tulip Ltd, UK, Packaging Innovation Manager

CASE STUDY: SPREADING KNOW-HOW



In the UK, the Oxford, Cambridge and RSA examination board, have launched a new qualification, Science for Technicians, with the assistance of three employees from Tulip Ltd, Alex Clementson, Inga Krievane and Emma Wilkinson – all technical graduates.

The qualification, which is the equivalent of an A' level, will ask students to plan a factory layout for the production of a number of new products, including new species and new allergens, for a retail customer. The emphasis will be on food safety.



Malnutrition

Danish Crown has engaged with a series of research activities with hospitals and scientific institutions, exploring the effects of the intake of meat based ingredients and the impact on the nutritional status of specific population groups, especially older people.

High protein products

A broad range of population groups need to have a higher protein intake. DAT-Schaub France has developed some hyper protein products with 20 per cent more protein than a regular product. All these protein mixes are developed to obtain a good assimilation and good chemical index.

Development of finger food

The need identified was to develop a product with specific textures, adapted for dysphagia problems (discomfort in swallowing), which can lead to malnutrition. With this observation, DAT-Schaub France has developed a range of products which are easy to handle, swallow and with a high protein level.

Fat-reduced bacon for Germany

Tulip Food Company's fat-reduced bacon dices - with 75 per cent lesser fat than other relatable products on the market - has been launched in Germany. The product has been on the Danish market since January 2016, and now the product has been launched in Germany. The product is packed in a two-pack solution to fit smaller households and a fat content of only 3.5 per cent reduction in energy consumption of 958,000 kwh.



Salt reduction in Keyhole nutritional label products

Tulip Food Company in Denmark has approximately 80 products carrying the Keyhole label. With the addition of reduced salt as a factor in the nutritional assessment of products, we have been working hard to reduce salt in our products. Reducing salt levels in cured products is always difficult, as any reduction has the potential to cause knock on impacts to shelf life, taste and consistency of product quality. Therefore, significant product development has to be undertaken as part of the process.



Product innovation

Sokołów in Poland has developed the Naturrino brand, a premium range of products. These products have been inspired by nature and are characterised by a delicate taste, underlined by herbs and spices; with low salt, low fat and no preservatives, phosphates or sodium glutamate.

Index of Global Compact Principles



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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Human rights	1. support and respect the protection of internationally proclaimed human rights; and	Business conduct	19
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	2. make sure that they are not complicit in human rights abuses.	Responsible sourcing	21
		Communities	28
		Food safety	49
		Food Health	49
Labour	3. uphold the freedom of association and the effective recognition of the right to collective bargaining;	People	22
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	4. the elimination of all forms of forced and compulsory labour;	Health, safety and wellbeing	25
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	5. the effective abolition of child labour; and		
	6. the elimination of discrimination in respect of employment and occupation.		
Environment	7. support a precautionary approach to environmental challenges;	Responsible agriculture	34
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Anti-corruption	10. work against corruption in all its forms, including extortion and bribery.	Business conduct	19

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