



Danish Crown

Programme to prevent deforestation and land conversion

October 2023



1. Our programme

1. Background

Danish Crown is a global meat production and processing company and among the largest in its field, with primary production facilities in Denmark, Sweden, Germany, and Poland. Considerable amounts of commodities that are at risk of being linked to deforestation and land conversion enter our supply chain, and that includes soy and palm oil (as feed for livestock and as food ingredients), beef, and wood products, such as fiber-based packaging. These commodities may contribute to forest degradation and land conversion from a natural ecosystem to agricultural land in some of the most biodiverse ecosystems in the world, such as the Amazon Rainforest in Brazil and tropical forests in Indonesia. Land conversion leads to habitat and biodiversity loss as well as large greenhouse gas emissions.

Based on Danish Crown's materiality assessment, the potential negative impact on biodiversity and climate is recognized as a material sustainability issue, and this programme is intended to mitigate the risk and reduce the negative impact. Danish Crown recognizes the responsibility it holds for ensuring that the aforementioned commodities have been produced responsibly and sustainably. Danish Crown has committed to work with relevant partners and organizations to find solutions to the complex issues in these supply chains and has developed a responsible sourcing strategy, which will ensure that any potential links to deforestation are gradually eliminated from its value chain.

2. Group-wide commitment

Whenever possible, Danish Crown aims to set targets and commitments that are applicable to the whole Danish Crown Group. When it comes to commodities at risk of being linked to deforestation and land conversion, the overarching goal of Danish Crown is to ensure that all EU regulations are followed. As a consequence, Danish Crown has been closely following the development of EUDR (EU Deforestation Regulation) and going forward appropriate actions will be implemented to ensure that its supply chains and products fully meet the new requirements. Danish Crown is in process of assessing the measures and tools that can be utilized to ensure its suppliers comply with EUDR. Besides following the legal obligations set by the EU, Danish Crown has several commitments on group level that have formed the basis for its work with responsible sourcing.

2.1 Livestock feed (soy & palm oil)

Danish Crown has a strong commitment to ensure that any deforestation linked to the feed of animals slaughtered or ingredients used in the company's processing activities is gradually eliminated. A single company cannot tackle the complex issues linked to soy and palm oil supply chains alone, therefore Danish Crown aims to establish and maintain an open and constructive dialogue with other industry players, such as feed companies, non-governmental organizations (NGOs), politicians, certification bodies, and customers. A major part of Danish Crown's strategy is to join forces with organizations working to stop deforestation on a global and national scale.

Danish Crown is a member of several global organizations, namely the Roundtable on Sustainable Soy (RTRS) and the Roundtable on Sustainable Palm Oil (RSPO), that develop and implement global standards for sustainable production as well as promote the production, trade and use of responsible soy and palm oil.

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Danish Crown is also an active member of local ethical trade organizations (such as [Ethical Trade Denmark](#) and [Ethical Trading Initiative Sweden](#)) and their platforms for the commodities of concern (such as the [Danish Alliance for Responsible Soy](#), the [Danish Alliance for Responsible Palm Oil](#), and [The Swedish Platform for High-Risk Commodities](#)). Here the company has committed itself to the ambitious targets set by these organizations and assigned specialists to actively engage in the organizations' work and efforts to transform the market. Through these memberships, Danish Crown takes accountability for deforestation and land conversion linked to its operations and actively participates in the work to lift the entire industry towards more sustainable and transparent supply chains.

In 2021 Danish Crown became a signatory of the [UK Soy Manifesto](#), where partners in the industry work together to ensure that all physical shipments of soy to the UK are deforestation- and conversion-free no later than in 2025.



2.2 Food ingredients (soy & palm oil)

Danish Crown has a group-wide commitment to source only responsibly produced soy and palm oil products that are used as ingredients in the processing factories. The soy is GMO-free and meets Europe Soya standards. It is produced in the Eastern Europe where there is no risk of deforestation in favor of agricultural land expansion. Danish Crown sources only RSPO-certified palm oil, which is used in several factories in Denmark and Germany.

2.3 Beef

Although the majority of Danish Crown's processed products are based on the company's own fresh meat, which is always deforestation-free, a small proportion of raw material is bought externally. By far the largest part of that is sourced from other European countries, where no natural ecosystems are converted to agricultural land anymore, and only small amounts may be imported from South America. Group Sustainability is currently creating an overview of group-wide purchasing of external meat. The risk profiles of our suppliers will be assessed, and if necessary appropriate actions will be taken to mitigate and prevent the identified deforestation risk.

2.4 Fiber-based packaging

The fiber-based packaging used in Danish Crown's production activities includes cardboard boxes for transport, display cardboard, single product packaging, and paper-based labels. Our goal is to reach 100% sustainably produced fiber packaging by 2025 (certified to FSC ([The Forest Stewardship Council](#)), PEFC ([Programme for the Endorsement of Forest Certification](#)) or equivalent standards). Group Procurement has conducted an analysis of fiber-based packaging materials used in Danish Crown's business in Denmark, Germany, and Sweden. It has shown that 97% of fiber packaging used in the respective value chain is FSC-certified. The suppliers that are not certified to any standard have been encouraged to obtain FSC certification, and the majority has agreed. Danish Crown is facilitating the contact between its suppliers and FSC to ensure that certifications are in place by the 1st of December 2024. The suppliers that do not wish to obtain certification will where possible be gradually phased-out in favor of those aligned with Danish Crown's goals.

3 Country-specific initiatives

Danish Crown's sourcing strategies for fiber-based packaging, food ingredients and beef are the same across the group, whereas the strategy for soy and palm oil as animal feed is country-specific. This is due to different maturity levels of addressing deforestation within the four countries Danish Crown operates in:

- In Sweden, all soy imported into the country has

been deforestation-free since 2018.

- In Denmark, a transition plan has been implemented into the [DANISH Product Standard](#) scheme, demanding that the feed companies supplying the Danish pig farmers source increasing proportions of deforestation and conversion-free (DCF) soy from 2021 to 2025.
- In Germany, the [QS scheme](#), which covers a major part of Danish Crown's livestock supply, requires the feed companies to ensure deforestation-free soy from 2024.
- In Poland, up until the Russian invasion to Ukraine the majority of soy used to come from Ukraine, where natural ecosystems are not converted to agricultural land, therefore deforestation has not been of high concern.

The four countries are also different in the way livestock is supplied to the meat companies. Danish Crown has a very close relationship with farmers in Denmark and Sweden, where farmers are owners of Danish Crown or have signed long-term contracts, whereas in Poland and Germany it is more common to have day to day trading. As a consequence, Danish Crown has assessed it to be most effective to keep the soy and palm oil sourcing strategies tailored to each business unit.

Danish Crown has assessed the risk of deforestation and land conversion to be lowest for soy and palm oil sourced as food ingredients as well as fiber-based packaging. The risk is believed to be highest for palm oil and soy embedded into livestock through feed (see Table 1).

Table 1 The risk assessment of soy, palm oil, fiber packaging, and beef sourced in the 4 countries with Danish Crown's primary operations.

Commodity	Country with Danish Crown's primary operations			
	Sweden	Denmark	Germany	Poland
Soy (feed)	Low	Medium	High	High
Palm oil (feed)	High	High	High	High
Soy (food)	Low	Low	Low	Low
Palm oil (food)	N/A	Low	Low	N/A
Fiber packaging	Low	Low	Low	Low
Beef	Low	Medium	Low	Low

3.1 Sweden

In Sweden, all soy used as animal feed or as an ingredient in food production is certified or verified deforestation free. Currently accepted standards include [RTRS](#), [ProTerra](#), [Donau Soya/Europe Soja](#), [EU-organic](#) or [IFOAM](#). This has been an achievement of the Swedish Platform for High-Risk Commodities, which Danish Crown's subsidiary KLS has been a part of since



2014. The organization is working further to implement a commitment for responsibly produced palm oil, and KLS will follow the common agreement. The palm oil will become deforestation-free latest in 2025, when the [EU Deforestation Regulation](#) (EUDR) comes into act.

3.2 Denmark

In Denmark, Danish Crown is well on the way towards DCF soy. The roadmap in the DANISH Product Standard scheme requires that from 2021 to 2025 the proportion of DCF soy in pig feeds increases by 20% each year (see Figure 1). The scheme accepts all certification standards that are compliant with FEFAC guidelines as well as verified DCF soy. 100% of Danish pig farmers that deliver pigs to Danish Crown are covered by the DANISH Product Standard. The scheme requires that farmers buy their feed from approved feed companies, which source the soy and other feed ingredients based on DANISH Product Standard specifications. The feed companies are audited annually to ensure that they follow the transition plan and meet the targets. This ensures that the responsibility for the gradual transition to DCF soy falls onto the feed companies and not individual farmers, which minimizes complexity. Danish Crown buys RTRS credits for the proportion of soy within its Danish supply chain that is not yet certified/verified DCF. In this way, the company supports soy producers who follow sustainable practices.

palm oil is easily replaced by other oils in pig feeding. In addition, palm oil production leads to very high greenhouse gas emissions, even if it is deforestation-free, therefore phasing out as much palm oil as possible is closely aligned with Danish Crown's climate targets. Danish Crown's pig farmers have already halved their palm oil consumption in 2022. It will be completely phased out by the end of 2023. Since 2022, all palm oil consumed as feed within the company's Danish supply chain is covered with CSPKE (Certified Sustainable Palm Kernel Expeller) credits.

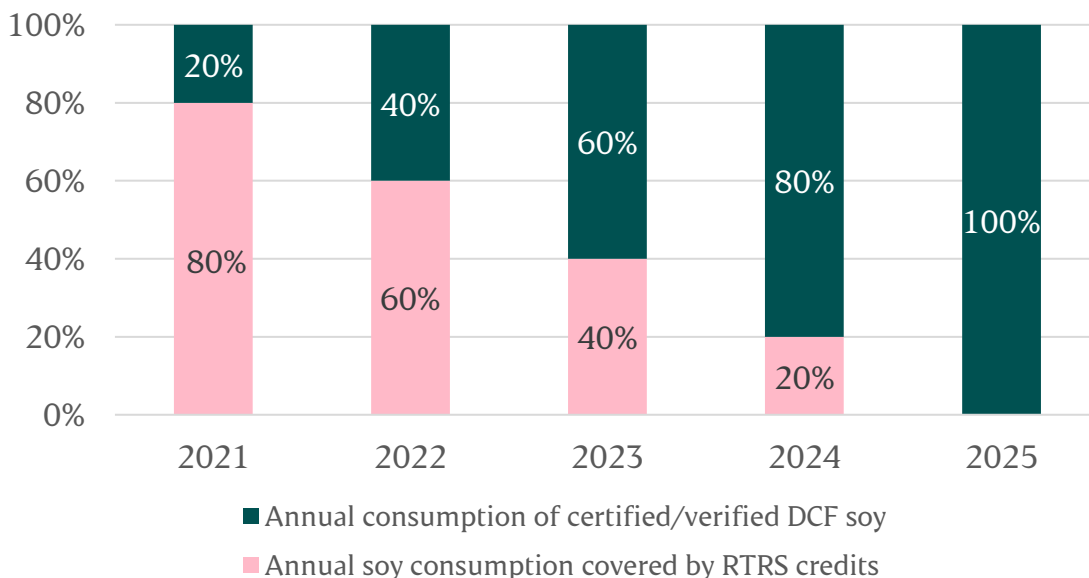
The rest of the soy and palm oil will become deforestation-free in 2025, when the EUDR comes into act.

3.3 Germany

In Germany, 100% of our pigs and 71% of our cattle (97.6% of all animals we slaughter in Germany) are covered by the QS quality scheme. According to the newly implemented Add-on module on deforestation-free soy within the QS scheme, all soy fed to animals under the scheme will have to be deforestation-free from 2024 (credits accepted for 1 year, until 2025). Danish Crown is also in the process of joining the [Dialogue Forum for More Sustainable Protein Feed](#) - a multistakeholder platform working to address the issues related to soy production and promoting local protein sources.

The rest of the supply chain will become deforestation-free in 2025, when the EUDR comes into act.

Figure 1 The soy transition plan for Danish pigs: increasing proportion (%) of certified / verified DCF (deforestation and conversion-free) soy in Danish pig feed from 2021 to 2025.



Danish Crown aims to eliminate all palm oil used in Danish pig feeds (including sows and slaughter pigs, but excluding piglets, where palm oil is an essential ingredient in the milk replacer). The palm oil strategy is fundamentally different from the soy strategy, because

3.4 Poland

In Poland, there is currently no organization working directly with soy and palm oil supply chains, therefore our actions are limited. The Polish supply chain will



become deforestation-free in 2025, when the EUDR comes into act.

4. Supplier engagement

As shown in Table 1, Danish Crown finds the largest risk of deforestation and land conversion to be connected to soy and palm oil entering its supply chains as feed ingredients. This means that the highest risk is linked to the feed companies supplying the farmers as well as suppliers of raw material (meat) to the processing factories (due to embedded soy and palm oil). To minimize the risks, Danish Crown aims to engage its different supplier groups by using targeted communication and follow-up meetings.

4.1 Feed suppliers

Danish Crown does not purchase animal feed – farmers do it themselves, and they have the freedom to choose the feed company that meets their needs best. In some cases, the farmers may be required to purchase feed from selected feed suppliers, and that is normally when they participate in a certain standard or a quality scheme. For example, all Danish pig producers are certified by the DANISH Product Standard, which requires them to buy feed from approved suppliers. The same is true for German producers that are part of the QS scheme – they must purchase from QS-approved feed companies. Danish Crown aims to support the feed companies and work together to achieve deforestation and conversion-free supply chains, therefore we maintain a dialogue with feed associations and feed companies open to collaboration.

4.2 Meat suppliers

The majority of the raw material used in Danish Crown's processing factories is fresh meat from the company's own abattoirs, but a proportion is also sourced externally from other meat producers. Danish Crown encourages all external meat suppliers to adopt soy and palm oil commitments in line with Danish Crown's [Policy on Deforestation and Land Conversion](#). Going forward, Danish Crown will implement soy and palm oil sourcing requirements into its contractual agreements with raw meat suppliers to ensure an overarching commitment towards responsible supply chains.

4.3 Livestock suppliers

Danish farmers, who own the Danish Crown cooperative, have historically always been highly engaged in the company's strategy and development. They are represented by elected farmers on the Danish Crown A/S Board, where major decisions regarding the company are made. The owners are also invited to regular regional meetings, where they are updated on various topics concerning the company,

including the work with sustainability and responsible sourcing.

Danish Crown's Sustainable farming programme Climate Track has been designed to engage its farmer owners and contracted farmers. As part of the programme, the farmers set 3-year targets to improve a variety of sustainability parameters and define initiatives they will implement on their farms. The Climate Track dashboard allows the farmers to track their emissions and compare their performance with an average local farmer. When the farmers switch to deforestation-free feed, they will see a considerable reduction in emissions due to eliminated land use change.

4.4 Suppliers of packaging

Considering Danish Crown's target of 100% responsibly produced fiber packaging by 2025, it is essential that the company's suppliers are aware of and aligned with this strategy. Group Procurement has started reaching out to suppliers and informing them about the new requirements. If non-certified suppliers wish to become FSC-certified, Danish Crown facilitates the contact between suppliers and the FSC.

5. Governance

In consultation with individual business units and external stakeholders, Danish Crown Group Sustainability sets the overall company position and country-specific strategies for responsible sourcing of soy, palm oil, and beef. The strategy for sourcing fiber-based packaging materials is set by Group Procurement.

The responsibility for sourcing soy and palm oil as food ingredients as well as fiber-based packaging lays within Group Procurement, while the Raw Meat Procurement departments in individual business units are accountable for sourcing beef. Danish Crown does not purchase animal feed; therefore, it relies on the feed companies to follow the requirements set by different quality schemes, industry agreements, and the EUDR.

The responsibility for implementing this programme lays with Danish Crown Group Sustainability. The sustainability specialists are in continuous dialogue with the relevant procurement teams to ensure that Danish Crown's sustainability and procurement strategies are aligned.

The progress on the targets we set is reported annually in [Danish Crown's Sustainability Report](#).



6. Partnerships

As part of its strategy for responsible soy, Danish Crown has committed to support local and international projects that could push the entire industry towards deforestation-free supply chains. As an example, Danish Crown has become a member of the [Danish Protein Innovation](#), which works to develop grass protein as a sustainable, locally grown alternative to soy. Furthermore, Danish Crown has joined forces with other members of the Danish Soy Alliance and WWF (World Wildlife Fund) Brazil to work on a project called "[Scaling Up Sustainable Soy Partnership](#)". The project will be implemented in the Cerrado landscape in Brazil and complemented by

activities in Denmark focused on the main soy supply-chain actors under the Danish Soy Alliance. Cerrado is the main agricultural frontier for soy production and expansion as well as the region with the largest deforestation and conversion footprint linked to Danish soy consumption. The objective of the project is to reduce deforestation associated with the Danish soy supply chain. Through a set of activities, the project aims to ensure that producers in the Cerrado adopt sustainable production practices, and that financial institutions and downstream companies support a sector-wide DCF agreement for the Cerrado to stop soy-driven land conversion.