

UN GLOBAL COMPACT REPORT

2022



Levemandet til Det Kongelige Danske Hof

DANÆG

• SIDEN 1895 •

WELCOME TO OUR 2022 UN GLOBAL COMPACT REPORT

Dear reader,

We are looking back at a year where the COVID-19 pandemic again brought along challenges for our company. But for the Danæg Group the year 2021 was also a remarkable year in a positive way, because we expanded the Danæg Group when we acquired the remaining shares in the company Munax Oy. Munax Oy is now 100% owned by the Danæg Group.

The COVID-19 challenges during 2021 had a great effect on all of us - also on the companies in the Danæg Group. We are proud to state, that all our companies have managed to keep a continuous focus on the corporate social responsibility within the Danæg Group despite all other challenges brought upon them.

The production of food and drink has increasingly been on the world's agenda, with climate, environment and health being topics that are discussed everywhere. At the Danæg Group, we clearly see an increasing interest in finding more sustainable solutions in our area of business. As a supplier to customers in approx. 50 countries, we try hard to ensure that our products and our production are at the highest possible level in all aspects.

For the Danæg Group, working with sustainability is a change-and learning process, where we constantly try to move in a more sustainable direction in the form of implementing several concrete initiatives across our entire value chain. With several new initiatives, combined with further development of existing CSR projects, we believe that we have reached a new level within our CSR activities in the last year.

Some of the new initiatives will be highlighted in this report, both as a part of our overall CSR input, but also as specific cases, where the various CSR activities will be described in more details.

At a more overall level, we are pleased to confirm that the Danæg Group continues the support of UN Compact Principles. The Principles are incorporated throughout the business operations, with an aim to ensure that Danæg is a positive force in the communities in which we operate. Our achievements in progressing the Principles of the Compact during the last year are of course presented in this report.

As a member of the UN Global Compact, we believe that our business fully incorporates The Ten Principles of the UN Global Compact in our everyday operations. Furthermore, we have the full support from our board to carry our CSR commitment to new standards - particularly regarding the principles of the UN Global Compact.

In our annual report, we will document our year 2021 activities, and highlight CSR activities in focus for year 2022.

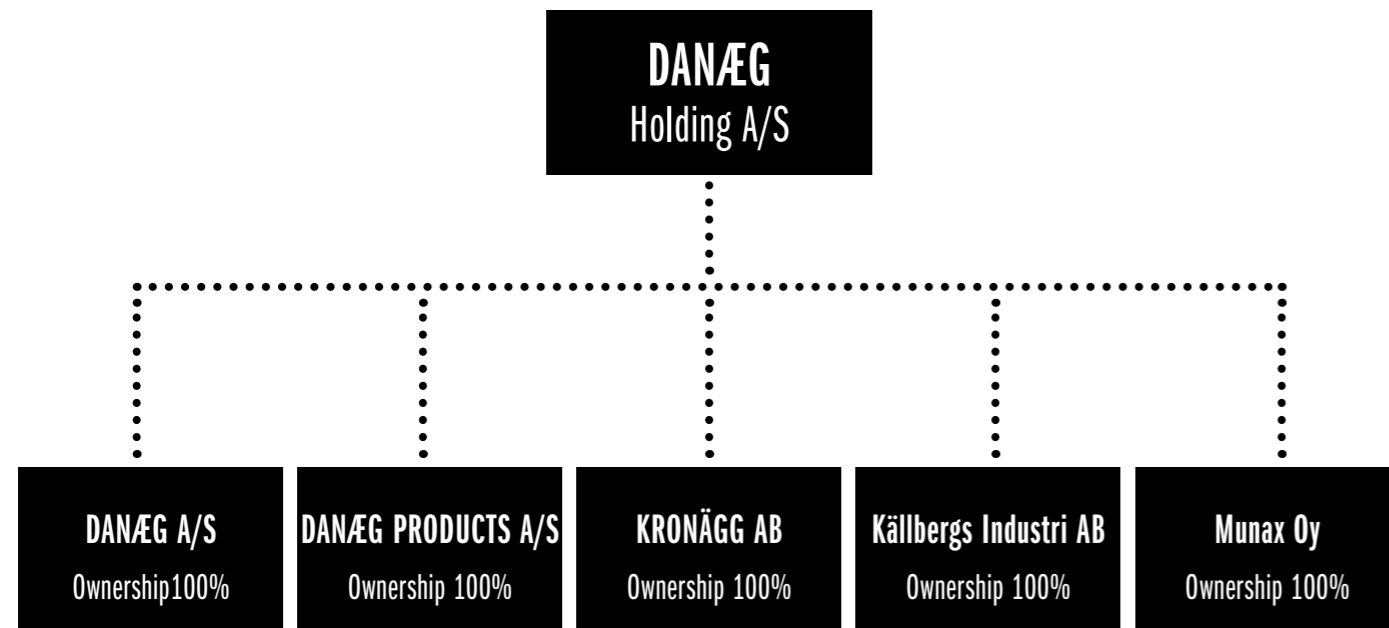
We hope you will enjoy the report!



Best regards
CEO, DANÆG Holding A/S
Jann Dollerup Vig Jensen



THE DANÆG GROUP



Market leading in Scandinavia within eggs

The Danæg Group was established in 1895 and is a co-operative within the egg category.

The Danæg Group is owned by 64 Danish and Swedish egg producers (50 %) and DLG (50%), which is one of the largest agricultural companies in Europe.

We are involved in activities in Denmark, Sweden and Finland employing approximately 350 people divided on seven different production facilities. The turnover in the Danæg Group is approx. DKK 1.5 billion (EUR 200 million).

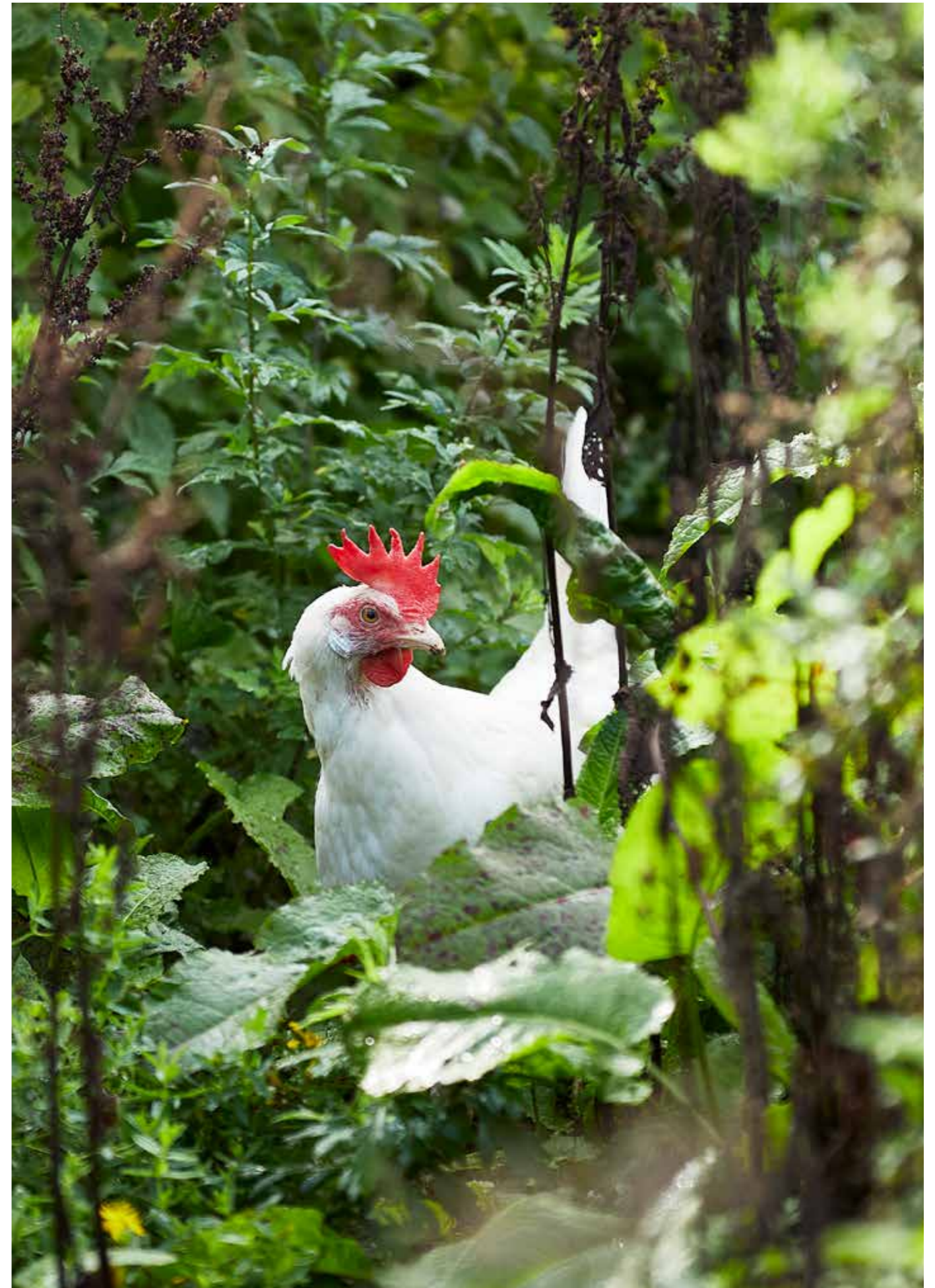
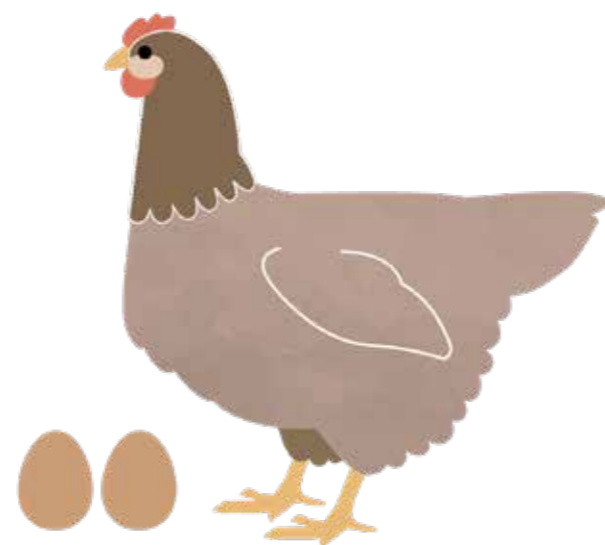
Production facilities in Denmark, Sweden and Finland

In Denmark, the activities are concentrated around the two production facilities. The first production facility is an egg packaging facility located in Christiansfeld; the second is an egg processing facility producing and selling liquid eggs, boiled eggs, pancakes, etc. This facility is located in Roskilde, close to Copenhagen.

In Sweden, the Danæg Group also has both an egg packaging facility and an egg processing facility; Kronägg AB, located in Perstorp, close to Helsingborg, and Källbergs Industri AB, located in Töreboda, which is highly specialized in producing dried egg products.

On the Finnish market, the Danæg Group has been present since 2015 - from 2015 to 2021 through the ownership of 24% of the shares in the company, and in February 2021 we acquired the remaining shares in Munax Oy. The head office, packaging facilities and egg breaking facilities of the company are located near Laitila and the 2 other sites are located in Kustavi and near Mynämäki.

The Danæg Group is selling its products to a variety of distribution channels, including retail, food service, catering, industry, etc. The main markets are within Scandinavia, but also a large part of the products is sold all around the world. Today, the Danæg Group is exporting to approximately 50 countries.



EGGS ARE THE HEART OF THE DANÆG GROUP

Across borders, the egg is one of the most important basic ingredients in the consumer diet. Eggs can be used in so many ways that the taste of eggs can vary from the fine, mild and light to the very saturating and demanding. And the egg can be used throughout the whole day - all year round.

An egg is by nature a marvelous creation where a thin shell protects and stores a very valuable food. An egg is the perfect little package with an average-size about 60 grams depending on the breed and the age of the hen.

An egg basically consists of three parts: a shell, an egg white and an egg yolk.

The shell is built of 8-10,000 pores, which ensure that oxygen can penetrate, and CO₂ and other gases can escape. The shell represents about 10 % of the weight of the egg and consists mainly of calcium carbonate and calcium phosphate. The shell's thickness and thus the strength depend on egg size, breed, the age of the hen, and feed composition.

The egg white represents approx. 60 % of the weight of the egg and consists of 88 % water and 12 % dry matter, primarily protein.

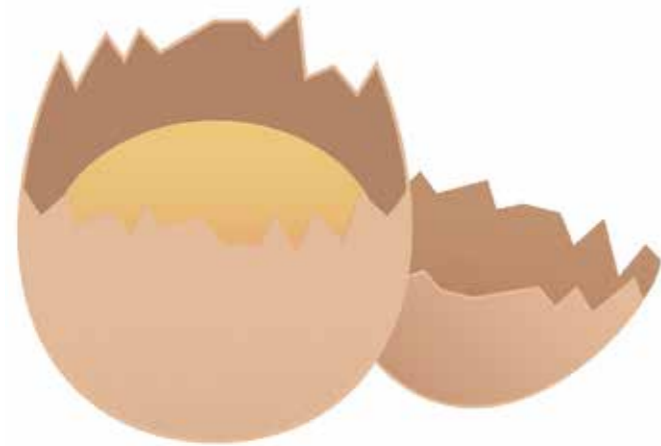
The yolk has a much lower water content than the egg white, just under 50 %. The yolk represents about 28 % of the weight of the egg and consists of approx. 2/3 fat and 1/3 protein

Nutritional highlights

Eggs are a very good source of inexpensive, high-quality protein. More than half of the protein of an egg is found in the egg white, which also includes vitamin B2 and lower amounts of fat than the yolk. Eggs are rich sources of selenium, vitamin D, B6, B12 and minerals such as zinc, iron and copper.

Egg yolks contain more calories and fat than the whites. They are a source of fat-soluble vitamins A, D, E and K and lecithin, the compound that enables emulsification in recipes such as hollandaise or mayonnaise.

Eggs are regarded as a 'complete' source of protein as they contain all nine essential amino acids, the ones we cannot synthesize in our bodies and must obtain from our diet.



EGGS IN A CLIMATE CONTEXT

How sustainable are eggs?

Eggs are in season all year round, and a quick omelet with leftovers from the fridge is a delicious and good way to avoid food waste. But how sustainable are eggs really? This question was discussed passionately by Kronägg AB in Sweden and they decided to find an answer. Therefore, they became involved in a research project with RISE Research Institutes of Sweden, which could show that eggs are doing quite well in the CO2 accounts.

Food and climate impact

More consumers are beginning to focus on food as an important source of total CO2 emissions in a country. When eating a piece of meat or drinking a glass of milk, both foods contribute with a climate impact. Typically, the climate impact is measured in the number of kilos of food produced, however, to compare foods, RISE Research Institutes of Sweden, developed a new method when they investigated the climate impact of eggs in relation to the nutrient content.

Lower climate effects than grain

In its mission to investigate how sustainable eggs are, Elinor Hallström - researcher at Rise Research Institutes of Sweden - analyzed 16 different foods based on the climate impact per 100 grams of protein and nutrient density of vitamins and minerals. Often you measure how much CO2 is emitted by the production of 1kg of a food, for example beans, and assess the climate impact of the beans. But since there is a huge difference in how much protein food contains, Hallström was also interested in analyzing how much CO2 emissions were produced in 100 grams of protein from each of the 16 foods. Hallström found that when looking at the protein content in the foods studied, eggs have a lower climate impact per 100 grams of protein than both nuts, lamb, rice, cheese, pork, milk and grain.

Eggs contain important vitamins

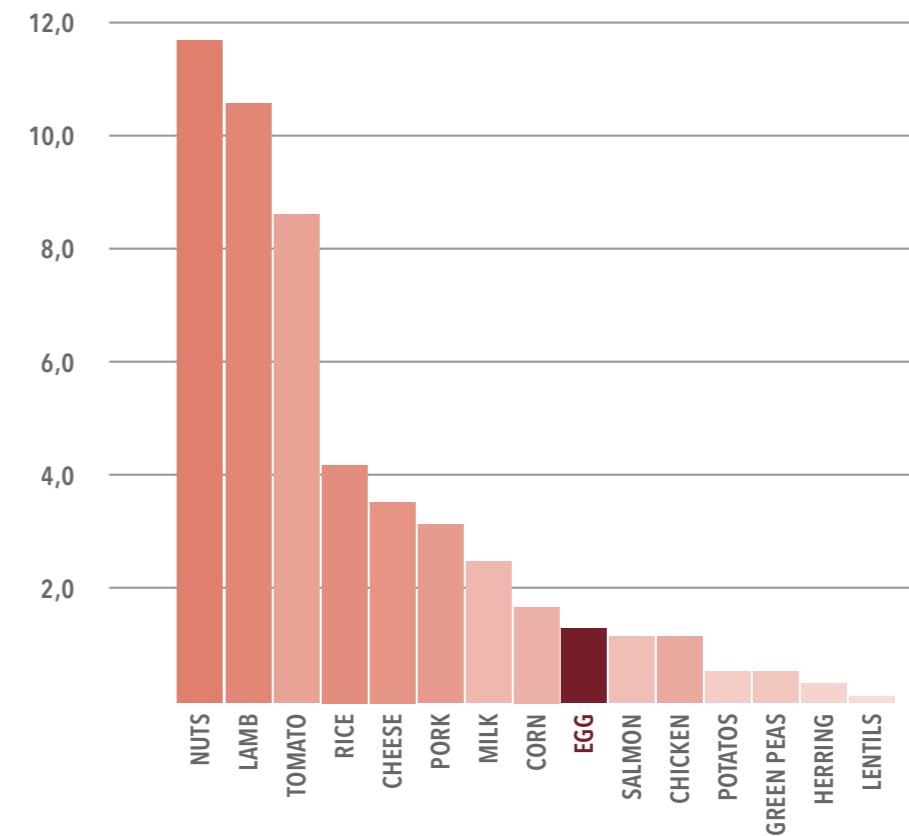
Since humans need many different vitamins and minerals in their diet, Hallström also investigated CO2-emission in relation to the nutrient density. Here Hallstrom discovered, that eggs, because of their content of e.g. iron, phosphorus, magnesium, Lecithin, Vitamin A, Vitamin D, Vitamin B and Vitamin E have a lower climate impact than all the foods examined, except from lentils, herring, potatoes and green peas.

In other words, at a time when consumers are really worried about the impact of food on the climate, the report shows that eggs in many ways are very beneficial to put in the shopping basket.

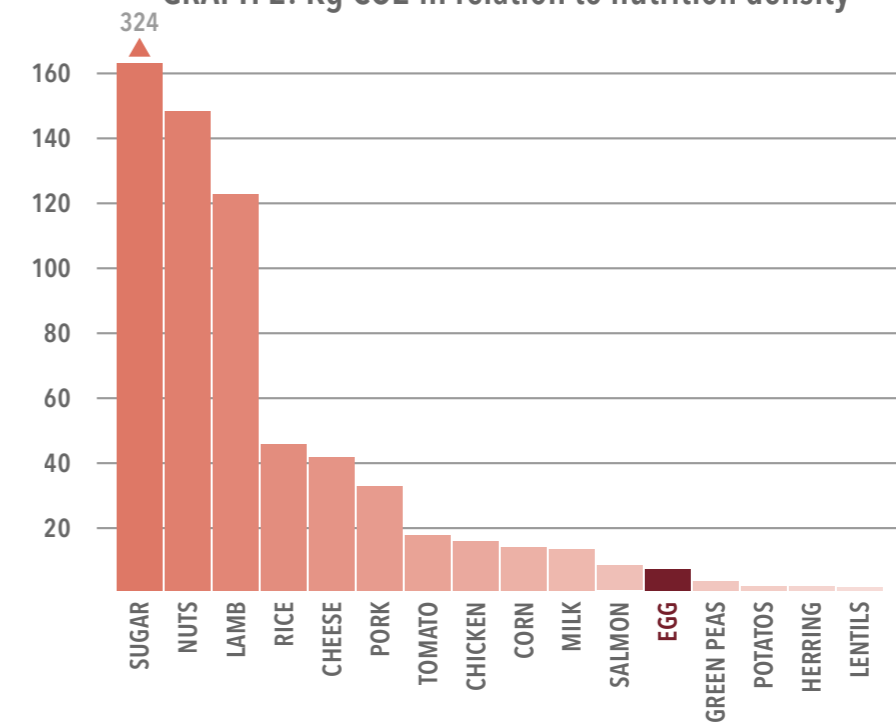


Source: "Climate impact of eggs in relation to nutritional content" by Elinor Hallström, RISE Research Institutes of Sweden, 2018.

GRAPH 1: Kg CO2 per 100 grams of protein



GRAPH 2: Kg CO2 in relation to nutrition density



DANÆG AND THE UN GLOBAL COMPACT

The UN Global Compact's mission is to mobilize a global movement of businesses to create a better world. They do this, among other things, based on 10 Principles that all member companies undertake to live by.

Since the first half of year 2013, the Danæg Group has been affiliated with the Principles of the UN Global Compact, including the development of an annual COP (Communication On Progress) report.

The COP report describes how companies continually improve and develop policies and actions in accordance with the UN's 10 Principles for a more responsible and sustainable world.

At the Danæg Group, COP is part of the company's CSR report, which you can read below.

In 2014, we made our first internal analysis of the relationship between our way of doing business today and The Ten Principles of the UN Global Compact. This assessment has been updated by December 2019.

The assessment consisted of answering specific related questions for each area covered by the UN Global Compact and thereby providing a picture of potential for increasing our performance with regards to CSR.

Much has happened during the past 8 years, and within the Danæg Group we have continuously increased our commitment to CSR and The Ten Principles of the UN Global Compact.

The updated results of the internal assessment are illustrated in Table 1 along with the improvement targets set in relation to the results.

In Table 1, green indicates a current high performance with limited potential for further improvement; yellow indicates that practices can be enhanced; and red indicates the main practices which could be improved.

It is important to note that the assessment was performed qualitatively according to the potential of increasing performance and not as a specific performance assessment. In practice this means that subjects marked with red can still indicate a good performance compared to other companies.

As a result of the internal assessment, we are pleased, to inform that the Danæg Group works within the guidelines of The Ten Principles of the UN Global Compact today, and in 2022 also. In the potential and relevance assessment all principles within 'Human rights', 'Labour rights' and 'Anti-corruption' were assessed as high performance based on the fact, that they are covered by both our management guidelines as well as the legislation in low-risk countries.

COMPANY POLICY:

- The DANÆG Group must comply with UN conventions and principles, which among other things are defined in the UN Global Compact.
- We must work on sustainable principles and seek solutions that take into account human and environmental conditions.
- We undertake to pay particular attention to the issues that concern the local community around our companies and the countries from which we buy various materials from.
- We distance ourselves from all forms of bribery and corruption, both with our own employees and with the suppliers with whom we work.
- The DANÆG Group demands a high level of food safety, and we aim to produce high quality products every time.
- We support and respect the enforcement of international human rights rules and ensure that, as a company or through our activities, we are not responsible for any human rights violations.
- Health and safety in the workplace are given high priority, among other things by offering health activities, continuous competence development and training.
- We will offer fair wages, insurance schemes, senior schemes and of course follow applicable agreements and rules.

Table 1: Internal assessment of DANÆG and The Ten Principles of the UN Global Compact 2022

	UN GLOBAL COMPACT PRINCIPLES	RISK/IMPACT	ACTIVITY & SET-UP
HUMAN RIGHTS	1. Business should support and respect the protection of internationally proclaimed human rights	Low	Covered by legislation and our management guidelines
	2. Make sure that they are not complicit in human rights abuses	Low	Covered by legislation and our management guidelines
LABOUR RIGHTS	3. Business should uphold the freedom of association and the effective recognition of the right	Low	Covered by legislation and our management guidelines
	4. Elimination of all forms of forced and compulsory labour	Low	Covered by legislation and our management guidelines
	5. Effective abolition of child labour	Low	Covered by legislation and our management guidelines
	6. and the elimination of discrimination in respect of employment and occupation	Low	Covered by legislation and our management guidelines
ENVIRONMENT	7. Business should support a precautionary approach to environmental challenges	Medium	In relation to environmental issues, the DANÆG Group works within the frames of legislation and our own management guidelines. However, the task of improving our efforts is of great importance to us, including elements like optimization of production (both in relation to the production (production of eggs and production at our production facilities), distribution, packaging etc. Large investments have been implemented in recent years and more are planned in 2022.
	8. Undertake initiatives to promote greater environmental responsibility	Medium	
	9. Encourage the development and diffusion of environmentally friendly technologies	High	
ANTI-CORRUPTION	10. Business should work against all forms of corruption, including extortion and bribery.	Low	Covered by legislation and our management guidelines

CSR EFFORTS IN 2021

CSR - A PART OF OUR CORPORATE DNA

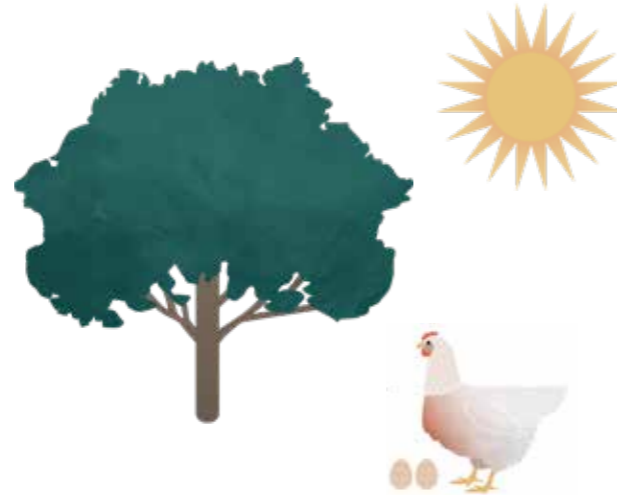
The Danæg Group continuously strives to strengthen our commitment to create more sustainable development within our business area.

This is done both in the form of more overall initiatives, larger investments and a stronger focus on the Group's overall CSR efforts, but also by creating improvements in everyday life, where even minor adjustments can contribute to a positive development.

In the coming pages, we will highlight that the Danæg Group focuses on CSR throughout our whole value chain. Furthermore, we will present examples of initiatives we have worked with in 2021.

On the principles related to Human Rights and Labour Rights, we mainly focus our work on securing our suppliers commitment to our Code of Conduct as well as compliance with legislation on the markets where we operate. As part of this work, we have implemented a whistle blower system. We are not familiar with any non-compliance or with any issues related to Human Rights or Labour Rights, neither at our suppliers or within the DANÆG group. The work towards securing Human Rights and Labour Rights will continue unchanged during 2022.

Focus on environmental issues, sustainability and climate in general has been increased during 2021 and on group level, we have centralized the responsibility to secure a uniform way of working and to reduce the DANÆG Groups CO2 emission year by year. During 2021 we have seen good progress and investments in further reduction in the Groups emission has been planned for 2022.



Regarding Anti-Corruption, internal processes are implemented to secure compliance with legislation and the management guidelines. Newly introduced whistle blower system has not had any input and there is no suspicion of any breach within this area. Work towards securing continued compliance with anti-corruption legislation and policies, will continue at the same level in 2022 and new measures are currently not planned.

Subsequently, we will focus more broadly on the entire business and provide a number of concrete examples of how we work with CSR in our everyday life and in our daily operations. We find inspiration for our overall CSR efforts in both the 10 Principles of the UN Global Compact, as well as in the UN 17 Sustainable Development Goals, which also have a great impact on daily work.

DANÆGS VALUE CHAIN AND CSR

We have a strategic objective to focus on our CSR responsibilities throughout our whole value chain, including both internal and external aspects. Examples of this are:

- We expect from our suppliers, that they commit themselves to our Code of Conduct and The Ten Principles of the UN Global Compact. This initiative has been implemented since 2016, and by the end of year 2021 close to 89% of our suppliers (in numbers: 633 suppliers) have signed and verified their compliance to our Code of Conduct in their supplier contracts.
- We have completed a process of securing our egg producers' commitment - in both Denmark and Sweden - to the national egg sectors industry code. Through this code and thorough audits, we secure that our producers meet the requirements of the code, e.g. within areas such as quality management, animal welfare, environmental requirements as well as tracking and documenting every step of their production.
- CSR is an integrated part of both our overall strategy and our daily business, also within areas like production, marketing & communication, innovation, QA, transportation, etc.



SUSTAINABLE DEVELOPMENT GOALS



DANÆG Holding A/S - Advisory Board

In 2017, the Danæg Group established a very ambitious advisory board, where internal know-how was combined with highly acknowledged external experts, in order to set the frames for future production of eggs and egg products. The Danæg Advisory Board (DAB) consists of the following members:

- Peter Sandøe, Professor at the Department for Food and Resource Economy at the Institute for Veterinary and Livestock Science at the University of Copenhagen (chairman).
- Ragnar Tauson, Professor Emeritus at Sveriges Lantbruksuniversitet in Uppsala, focusing on animal welfare within the area of egg laying hens and production in different types of stable layouts.
- Jørgen Kjær, Senior Animal Welfare Researcher at the Friedrich-Loeffler Institut, Celle, Germany.
- Jesper Bo Jensen, Future Researcher and Director at Centre for Future Studies.
- Employees from Danæg and Kronæg.

Since the establishment, DAB has discussed different subjects within the area of egg production and has thus been presented to the entire production chain at the Danæg Group.

Throughout 2021 the companies in the Danæg Group have been working on implementing the concrete recommendations from the Danæg Advisory Board in the areas of environment, climate, animal welfare and animal ethics that were listed in our UN Global Compact Report 2021.

In 2022 some of the members of the Danæg Advisory Board will step down, and we are currently working on setting a new direction for the board, where the new members are expected to be able to contribute with important knowledge on the areas of CSR and sustainability. We look forward to introducing the new members of the Danæg Advisory Board in connection with our UN Global Compact Report next year.

DANÆG A/S - Sustainable soy and freerange eggs without the use of soy

Through our cooperation with DLG - DLG being the first Danish agribusiness company joining the Danish Alliance for Responsible Soy - our producers are now able to buy feed concepts containing a minimum of 20% of sustainable soy. The CO2 loadings are stated on all feed concepts offered to our conventional producers by DLG.

We are working on a number of initiatives and projects with the aim of increasing the amount of protein produced in Denmark in animal feed. Thus, we have been able to introduce a new freerange concept based on feed made from European

raw materials without the use of soy. The CO2 emissions from these feed concepts have been reduced by a minimum of 47%.

At the same time, we have launched a new ecological concept focusing on biodiversity and the use of grass protein produced in Denmark.

At DANÆG we are working on reducing soy consumption in the feed for laying hens and we aim at only using sustainable soy by 2025!

Read more about the Danish Alliance for Responsible Soy here: <https://www.dieh.dk/projekter/dansk-alliance-for-ansvarlig-soja>

In 2021 we have launched an investigation into the CO2 emissions from all our egg producers. This is done through the company Alltech and their E-CO2 program and Science Based Targets.

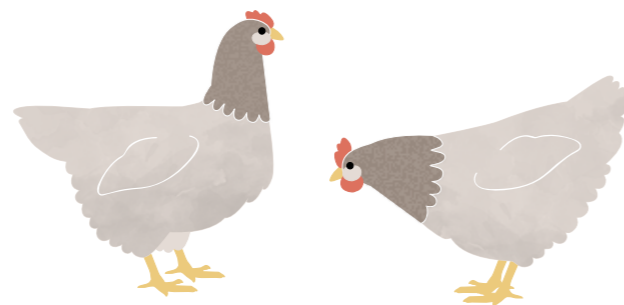
Kronæg AB - climate-neutral eggs in Sweden

Climate and sustainability are becoming increasingly important for all of us, not least when it comes to choosing food. The egg has a low climate impact in relation to the high nutritional content, which is largely because the hens are skilled at converting feed into finished foods. By choosing the right kind of food - food produced in a climate-efficient way - the consumer can make an important contribution to reduce the greenhouse effect.

Together we have a great responsibility to reduce our climate footprint as much as possible. That's why we started by identifying and calculating emissions from production to store. We have already improved our climate focus by using recyclable materials in packaging, installation of renewable energy supply in our packaging plants and made investments in climate-efficient logistics.

However, this does not prevent us from continuing to make the eggs even more climate friendly.

That is why we are proud to inform that if the consumers choose to buy eggs marked with our climate symbol on the packaging, they can be sure that the eggs are 100% climate compensated - all the way through the production chain.



Climate compensation - the different steps:

1. Identify and Quantify

Identifying and calculating the amount of climate-impacting gases emitted from the production on the farm until the eggs come to the store shelves. Here we look at the entire production chain, from consumption of raw materials, feed production, energy consumption, to packaging and transport. Identifying and quantifying are fundamental, because we receive information to where our emissions occur and how large they are in the various stages of our production.

2. Reduce

It is important to constantly improve and reduce the emissions. This applies, for example, to feed production, reducing emissions on the farms and at the packaging station, etc. Today we work with advanced environmental programs with energy savings, green logistics projects and green electricity - and significant progress is already made.

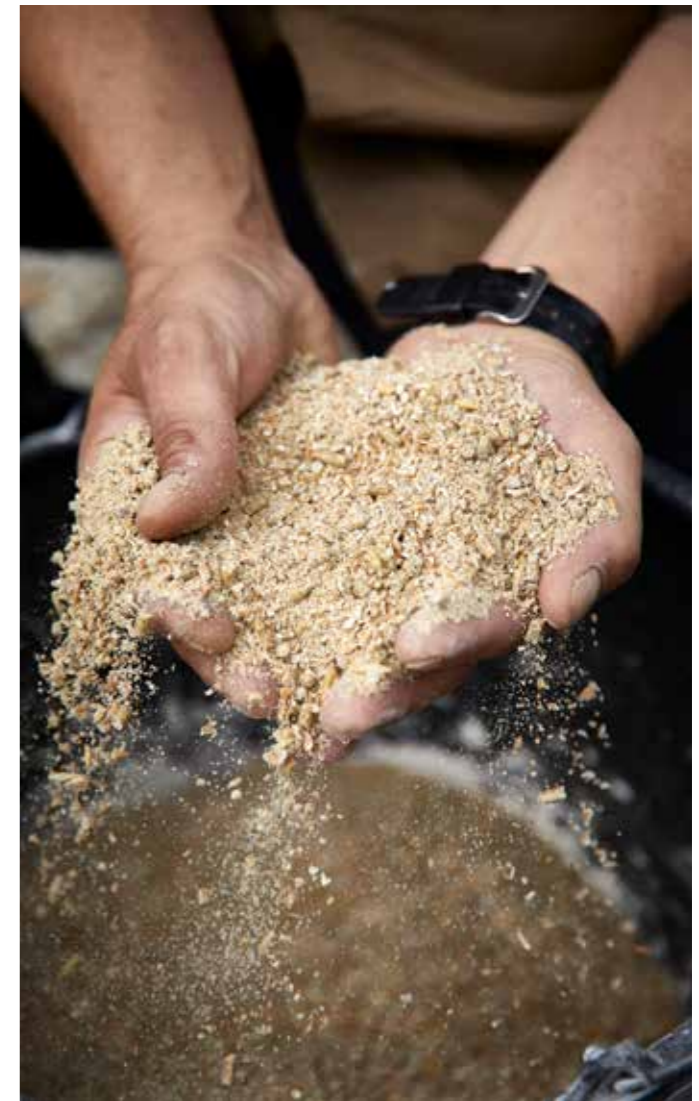
3. Climate compensation

This is how we compensate: Climate compensation mainly arises from various climate projects in developing countries such as energy efficiency, development of clean and renewable energy, tree planting and forest conservation.

Our projects

We have chosen to support three certified projects, where our contribution is controlled and monitored by Zero Mission, a Swedish specialist in assisting companies with climate strategies, climate calculations and climate compensation.

1. CYY WASTEWATER, THAILAND - WASTEWATER IS CONVERTED INTO BIOGAS
2. SIAM SOLAR ENERGY, THAILAND - CONSTRUCTION OF SOLAR FARMS
3. KARIBA REDD+, ZIMBABWE - CONSERVATION OF FOREST



DANÆG Holding A/S & ISO 14001

ISO 14.001 is the international standard that was introduced in 1996. The standard specifies requirements for an effective environmental management system (EMS) and it provides a framework that an organization can follow, rather than establishing environmental performance requirements.

An environmental management system according to ISO 14001 is based on the company, its processes and activities and thus distributes responsibility and competence and describes environmental tasks in everyday life.

ISO 14001 lays down requirements for the individual elements of the environmental management system that must be met in order to be certified: environmental policy, planning, implementation and operation, control and corrective actions, management review etc.

It can be used by any organization that wants to improve resource efficiency, reduce waste, and reduce costs. Using ISO 14.001 can provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved.

ISO 14.001 is suitable for organizations of all types and sizes, be they private, not-for-profit or governmental. It requires that an organization considers all environmental issues relevant to its operations, such as air pollution, water and sewage issues, waste management, soil contamination, climate change mitigation and adaptation, and resource use and efficiency. Like all ISO management system standards, ISO 14.001 includes the need for continual improvement of an organization's systems and approach to environmental concerns.

Read more about ISO 14.001: <https://www.iso.org/iso-14001-environmental-management.html>

DANÆG Holding A/S was certified according to ISO 14.001 in the month of June 2020. The certification is carried out in such a way that DANÆG Holding A/S holds the certificate and that the subsidiaries in the DANÆG Group gradually will be included in this joint certificate.

The subsidiaries DANÆG A/S and DANÆG Products A/S have also been certified in 2020. The first audit at DANÆG Products A/S was carried out in the middle of 2021 in close cooperation with DANÆG Holding A/S, being the link between the certification and the single companies.

Kronägg AB received an environment certificate in 2017 and was included in the ISO 14.001 certificate during spring 2021. According to plan, Källbergs Industri AB and Munax Oy are expected to be certified within the year 2022.



The Danæg Group – Participation in “DLG Zero”

In 2021 the Danæg Group joined “DLG Zero” together with some of the other companies in the DLG Group. The goal of this cooperation is knowledge sharing, exchange of experience and discussing best practice cases.

DLG Zero – a short introduction:

*A sustainable future for generations to come
As one of Europe’s leading agricultural and energy companies, the DLG Group wants to contribute to creating a better and more sustainable future for generations to come. This requires action.*

With our sustainability plan, ZERO, we set long term goals and ambitions, but we also aim to continue to create real sustainable solutions that our customers can benefit from in the short term.

The latter is particularly important to us. DLG was founded by farmers, and with our central position as one of the first links in the value chain, we know that we play an important role in enabling a sustainable future for agriculture. At DLG, we want to be part of the solution and create value for our owners and customers – also when it comes to sustainability. Therefore, our focus will continue to be on developing tools, products and concepts that enable our customers to make sustainable choices when doing business with us. In this way, we can help them – as part of the most important business in the world, agriculture – to keep on producing world-class food and creating value for the outside world. At the same time, we have defined a number of concrete goals to increase the sustainability of the Group’s own activities. This involves reducing the environmental and climate impact of our production and logistics, and the goal is for the DLG Group’s activities to be climate-neutral by 2050.

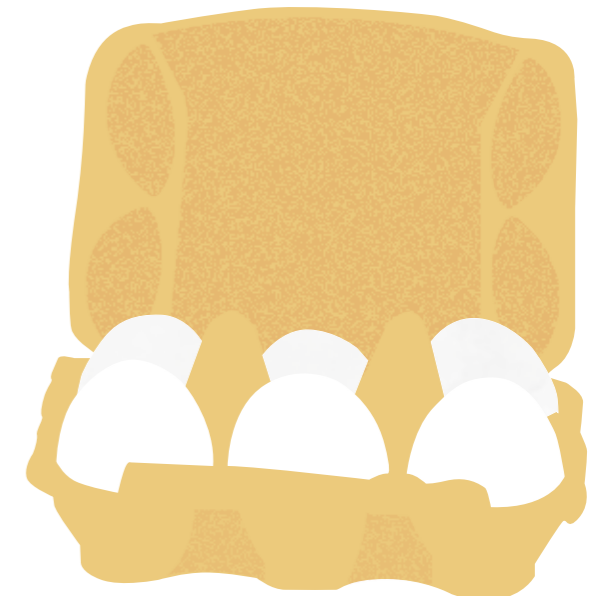
We will do this while maintaining the competitiveness of our company. We believe that sustainable development and sustainable business can go hand in hand, and we see sustainability as a commercial opportunity, which will at the same time enable us to help make a lasting, positive imprint on the world we leave to the next generations. That, we believe, is just how it should be.

We do not have all the answers yet, and we still have a long way to go, but we will continue to take steps in the right direction every day. That is DLG’s promise to future generations.

We are working towards our operations being climate-neutral by 2050. This is an ambitious goal, but – like our other climate goals – it will contribute to limiting global warming to a maximum of 1.5°C compared to pre-industrial levels.**

****We are working to have our climate goals validated by the Science Based Target initiative as being in line with the Paris Agreement.**

Read more on DLG’s homepage: www.dlg.dk



The Danæg Group – “Danmark mod madspild” (Denmark Against Food Waste)

In the middle of 2021, the Danæg Group joined Denmark Against Food Waste which is a voluntary agreement that unites a number of food producers and retailers behind a shared mission: to halve food waste by 2030.

Originally, the agreement was introduced in 2018, and it was re-launched in 2020 by the thinktank ONETRACK and the Danish Ministry of Food, Agriculture and Fisheries.

Every day 2,000 tonnes of food are thrown away in Denmark, and the annual amount of food going to waste reaches 700,000 tonnes – equivalent to approx. 1.8 million tons of CO2 emission. The initiative, Denmark against Food Waste, contributes directly to achieving the United Nations’ Sustainable Development Goals (SDGs) of reducing food waste and securing responsible consumption and production.

The use of water, energy, fertilizers and pesticides during the food process, substantially increase our carbon footprint. Preventing food loss will alleviate overconsumption of scarce resources and thereby reduce pollution, energy consumption – all of which will have a beneficial impact on the planet.

Reducing food loss and waste not only fosters sustainable growth, it also has an impact on global competitiveness and generates employment. On a global level it would mean saving efficiently food for human consumption, save money and lower environmental impact. Stopping or limiting food loss and waste not only contributes to reducing our carbon footprint, it also allows the average Danish family to save almost 1,000 EUR a year on food.

To become a partner, we have committed to the United Nations SDG on reducing food waste by 2030, and to measuring our food waste and publishing the results on an annual basis. Each year, we will have to report our food waste in weight, explain our accounting methods and provide documentation that an independent third party has validated our data.

For further information: www.danmarkmodmadspild.dk



The Danæg Group – Innovation partnership for healthy food

Also in 2021, the Danæg Group participated in Innovation Partnership for healthy food which is an initiative established as a result of the Danish government’s new strategy for healthier food and meals to the consumers.

The partnership is organized by Danish Veterinary and Food Administration (Foedevarestyrelsen - FVST) and involves more than 135 strong partners within retail, foodservice, food producers (+95 food companies), health care organizations, interest organizations, educational and research institutions, etc. Danæg Products A/S and Danæg A/S are representing the Danæg Group in the Innovation Partnership – and participate in the groups “Dairy and eggs” and “Meals”



Sponsorship and cooperation

In year 2021, the Danæg Group has again been involved in a wide number of sponsorship and cooperations.

Examples of activities for 2021 are financial support and cooperation with a number of interest organisations in Denmark, Sweden, and internationally:

- UN Global compact (The world's largest corporate sustainability initiative)
- Danske Hospitalsklovne (Danish Hospital Clowns)
- BRIS (Children's Rights - Sweden)
- Team Rynkeby (Child cancer - Denmark)
- Barncancer Fonden (Child cancer - Sweden)
- Økologisk Landsforening (the Organic Association in Denmark)
- Landbrug & Fødevarer (The Danish Agriculture & Food Council)
- Sveriges Olympiska Komitéen (The Swedish Olympic Committee)
- Dansk Folkehjælp, Julehjælp 2021 (Danish People's Aid, Christmas Aid 2021)



SPONSORSHIPS

We are also involved in a number of sponsorships of different sport activities, school projects, food projects and general social activities - especially within the local areas of the various companies within the Danæg Group. These activities can involve financial support as well as access to different egg products - often with focus on children, families or elderly people.

In 2021, the Danæg Group also donated products to use in connection with "DM i skills" in the category "Baker and Pastry Chef" - this being the Danish championships for young people from the vocational educations. Approx. 300 students compete to become the best within their own specific educational area.

Examples of other sponsorships and cooperation in 2021 are:



BRIS



The environment

- Ongoing focus on being internationally certified with-in quality standards, environmental standards etc. Our Danish companies, DANÆG A/S and DANÆG Products A/S, have received the ISO 14.001 "environment management" certification, and both Swedish companies are expected to be included in the DANÆG Holding A/S' certification during 2022.
- A strategic choice of using many local and national suppliers and business partners - of which 89 % have signed a cooperation contract with the Danæg Group that they comply to the Ten Principles of the UN Global Compact. This also reduces the number of miles driven and thereby the CO2 emission.
- Also at our Finnish sites, feed is bought from a nearby producer as are the chicken.
- Our logistics department has a continuous focus on reducing the number of miles driven - e.g. by offering the hauliers transport in both directions - delivering goods to our customers before they begin their route collecting eggs from our producers.
- In 2021 the Danæg Group has established "Teams of excellence" across the group's companies to develop and inspire best practice cases throughout the entire value chain, including energy optimization, innovation of healthy egg-based products, etc.
- Extensive project work has been carried out during 2021 aimed at replacing fossil LPG with fossil-free biogas (LBG). Such a conversion will reduce our CO2 emissions by as much as 2,700 tonnes. According to the present status, the project will be carried out during May-July 2022 and start-up with biogas in August 2022. A long-term and strategically very important investment for us.
- During the year, several company cars at Källbergs Industri AB, Kronägg AB and Danæg Holding A/S were changed from pure petrol/diesel cars to plug-in hybrids.
- Investments and initiatives in production facilities increasing efficiency and reducing environmental effects. In 2021, a large number of small and large investments have been made in both Denmark and Sweden in order to improve production while minimizing the effect on the environment. Examples of this are:
 - All the Group companies now use 100 % green electricity. Both Swedish companies use 100 % renewable energy - "Go Vatten" (water based) - within the international standards of Guarantees of Origin, and in the Danish companies, electricity from wind-mills is used.
 - Replacement of old equipment with new and environmentally better equipment.
 - Increased use of digital communication - transformation from printed media to digital platforms.
- Meetings with customers and participation in fairs have been reduced and replaced by digital solutions.
 - Products presentations, data sheets etc. have been replaced by online medias.
 - New equipment for automatic packing - reduces the number of repetitive tasks.
 - Introduction of laser printing at the packing plants in both Denmark and Sweden has reduced the amount of non-compostable labels and the amount of non-recyclable basis paper from thermo labels by 95%. This solution also increases productivity and reduces manual labour.
 - Several initiatives have been made to secure optimization of wastewater at both Danish sites.
 - A group project has been initiated to secure optimization of waste products from the production.
 - Etc.
- At the newly built henhouses of our Finnish company, Munax Oy, steps have been taken to secure a smaller carbon footprint. Inhouse production and packaging to eliminate transportation, we use LED lights, we use wooden chips for heating etc. Wooden chips are also used for heating at our site in Kustavi. Furthermore, energy is produced via solar cells on the roof of our factory in Laitila.
- All egg trays for retail and Food Service are made of 100 % recycled materials - both pulp/paper and plastic
- Wide focus on optimization of logistics and transportation and adjustment of packaging size in order to optimize transportation, etc.
- High level of own-produced feed at the egg farmers - both in Denmark and in Sweden.
- Comprehensive waste sorting - carried out in all the Group companies. Examples are:
 - Sustainable dispose of plastic waste (plastic wrap / plastic pallets / dividers / plastic trays, etc.) from production
 - Eggshells from breaking plants are disposed as fertilizers for agriculture
 - Waste sorting in kitchen and office facilities in the companies, incl. separating cardboard / paper, glass and food waste. At the same time, we have phased out disposable plastic cutlery
 - Focus on reduction of residual waste e.g. through splitting waste fractions in connection with waste machine components.
 - Etc.
- In connection with building a new production line at our Finnish site in Kustavi, energy saving and reducing our waste have been key focal points.
- Cooperation with Fødevarerbanken (The Food Bank) which is a non-profit organization that combats food waste and food poverty in Denmark by donating collected food

products from the industry to socially vulnerable children, young people and adults.

- Etc.



Labour

- At Danæg we are aware that our employees are our most important asset and for this reason we work to create a good and safe workplace for all our employees, characterized by respect and thoughtfulness, equal opportunities, employee development and involvement. It is therefore also important for us to build a strong culture where employees respect the common guidelines and commit to being a part of and contributing to Danæg being a sustainable company.
- In 2020, we initiated a larger and more extensive clarification of competences of all employees in the Danæg Group in Denmark in cooperation with Education Center Syd. Unfortunately, we had to interrupt the process in 2020 due to COVID-19. In the fall of 2021, it became possible for us to re-start the project and the clarification of competences is expected to be finalized in 2022.
- At our Finnish company, Munax Oy, a big number of employees at the breaking plant have started their studies for an undergraduate degree of food technology.
- Our employee's daily health is of great importance and interest to us. All our employees are offered health insurance and in case of long-term illness, we contact the employee as soon as possible to support the employee in getting back quickly and well. Each fall, we offer our employees a vaccination against influenza for free.
- The spread of coronavirus in 2020 and 2021 has meant that we as a responsible food company follow the very fluctuating number of cases of infection closely. All our employees must be able to feel safe when they go to work and therefore, we also see it as our duty to be able to adapt as quickly as possible with various measures every time the number of cases of infection goes in the wrong direction. In addition to the classic initiatives such as disinfection, the use of plastic gloves, social distance etc., we have at times had an external nurse to test all employees for corona at our own locations.
- On a daily basis, we have a great focus on follow-up in relation to well-being through day-to-day management. In the ongoing dialogue between manager and employee and at the annual development interview (employee interview/manager interview), expectations are aligned - both for the development of the workplace and the development of the individual employee or manager. Based on this, competence development is discussed for the individual employee or for groups of employees.
- The results of an employment well-being survey amongst our Finnish employees will be used in our future work to improve health and well-being at work.
- Over the past year, there has been an increased focus in the media and public debate on sexism, harassment and abusive behaviour in workplaces. As a result of this

debate, we have formulated a new "Policy of Good Behaviour" in 2021, where it is important for us to emphasize that the Danæg Group is a workplace where everyone can be safe and where we can state our opinion without fear of reprisals. We have zero tolerance for all forms of harassment, discrimination and behavior that violates our policies.

- However, it is not only our policies, but very much our culture, that must carry through the good working environment and form the basis on which we act. A culture where we are able to say no and where we help each other to put an end to unwanted behaviour, if we experience it.
- To make sure that our employees are informed about initiatives and status in general in the Danæg Group monthly newsletters are now sent to all employees.



CSR PLANS IN 2022

In year 2022, the Danæg Group will continue its large focus on CSR and CSR related activities. Examples of CSR activities planned for 2022 are:

- Inclusion of Källberg Industri AB and Munax Oy in the group's ISO 14.001 certification.
- Production: We will have a huge focus on reducing energy consumptions in all companies within the Danæg Group. Large investments have been made in recent years - and we will strive towards obtaining the full effect of these investments during 2022.
- In Finland we are researching the possibilities to produce green energy (electricity) at our site in Mynämäki - either through the use of solar or wind power.
- We have joined the climate industry to evaluate what renewable energy we can use for our dryers at the factory at Källbergs Industri AB in the future. We have been granted access to 8 hours free consultancy time via CIT Industriell Engergi, which we look forward to benefit from in 2022.
- At our Finnish site in Laitila plans to replace oil for heating with the use of wooden pellets are currently investigated.
- Continuous focus on packaging through setting up a strategy to secure environmentally sound solutions.
- With the help of the consulting company Afry, we have implemented and produced the statutory energy efficiency report for our factory at Källbergs Industri AB and reported to the Swedish Energy Agency. In this we identify a number of points where we see opportunities to streamline our energy use, amongst other things including through more optimized ventilation. This will be some of our focus points in 2022.
- For the additional henhouses planned at our Finnish company, Munax Oy, the building process includes a continuous focus on reducing the carbon footprint.
- Financial support and cooperation with various organizations in Scandinavia and internationally. In 2022, The Danæg Group expect to use the approximately same amount as in 2021 in financial support and cooperation with various interest organizations. A number of CSR contracts of long-term relationships have already been signed for the year 2022.
- HR: Continue to integrate company values in our daily work. A number of various HR activities are planned for next year, including opportunities for education of employees and hiring new apprentices, etc.
- The purchasing department have had major focus on sustainable packaging solutions in recent years. An area that is also expected to be in focus in 2022 where we expect to replace some types of packaging in order to secure a bigger share of recycled materials in our packaging.

- Reducing food waste by further improvements in production planning, customer dialogue and optimization in production.
- Continuous replacement of company cars with plug-in hybrids or pure electric when lease agreements expire.
- And many other CSR proactive activities!



FINAL STATEMENT

In relation to CSR, the last year has been another step on an interesting and positive journey for the Danæg Group. Our focus on CSR is constantly growing and today, corporate social responsibility is an integrated part of both our business strategy and our daily work within the organization.

As a final statement, we would like to express our positive mind towards our participation in the UN Global Compact. At an overall level, we receive a lot of positive feedback from both internal and external stakeholders for our work within CSR. We take this feedback as an indication that we are on the right track - and as a motivation for finding more and new ways of dealing with CSR matters in the future.

By the end of year 2021, we have ended the work of the fourth year with our strategy "Ready for the next level", where we have defined our strategic path for the years 2018-2021. Work has already begun to set the frame for our next strategy period, where we expect CSR and sustainability to play an even bigger role in the future.

We look forward to presenting our annual Communication on Progress (COP) in the beginning of 2023.

Best regards,
The DANÆG Group



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