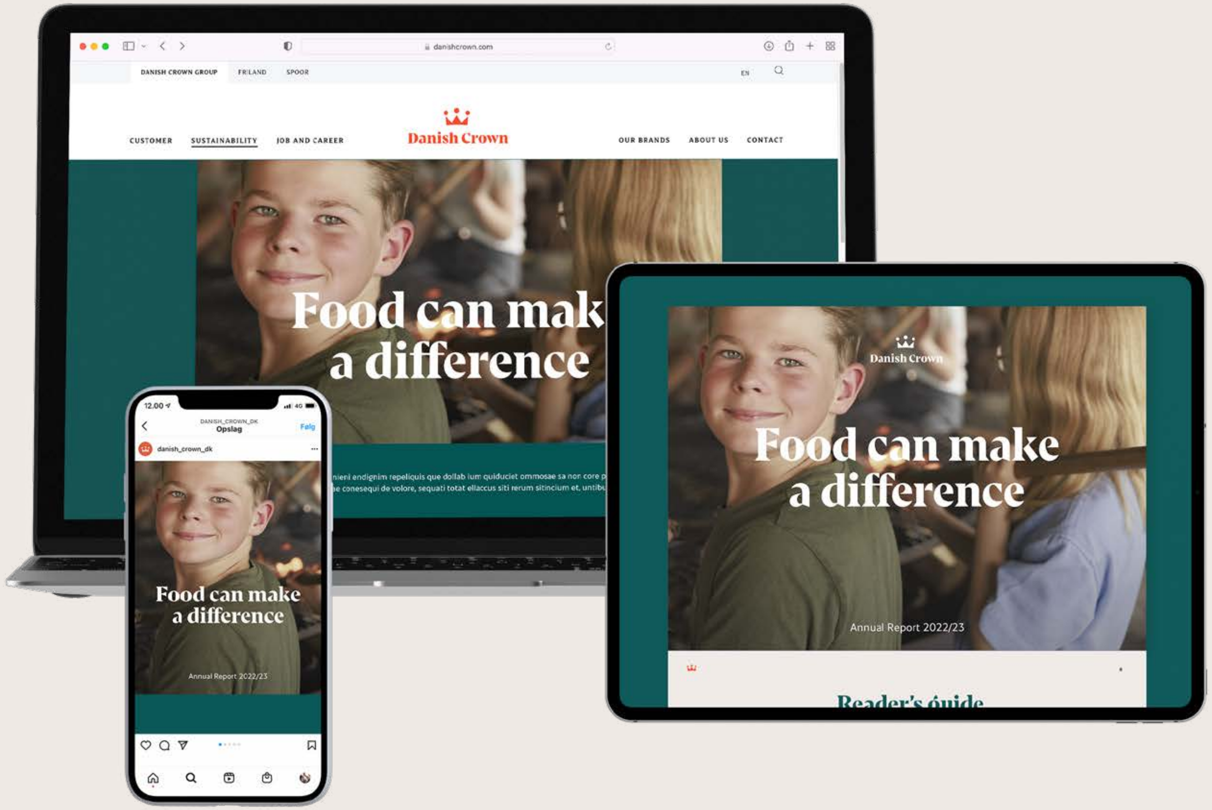
Danish Crown

Food can make a difference

Annual Report 2022/23

Reader's guide to the report



Reports
Our report suite for 2022/23 comprises this annual report presenting our financial and ESG performance and a separate remuneration report. There are two significant changes from last year: our annual and sustainability reports have been combined, and we are publishing a remuneration report for the first time.

The annual report presents our work on sustainability in accordance with sections 99a and 99b of the Danish Financial Statements Act. Together with our website, it also forms the basis for our Communication on Progress to the UN Global Compact.

Website
As well as providing direct access to the annual report, our website, www.danishcrown.com, contains policies and information on key activities and developments in the group, both in general and specifically in terms of ESG performance.

Social media
We share stories and news on topics such as product development, sustainability, our business and our brands through our social media channels.

We welcome any comments, suggestions or questions you may have regarding our report and our financial or sustainability performance. Please send an e-mail to: dc@danishcrown.com or sustainability@danishcrown.com

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Our climate vision is climate-neutral meat production by 2050. Setting science-based targets is a step towards achieving that.

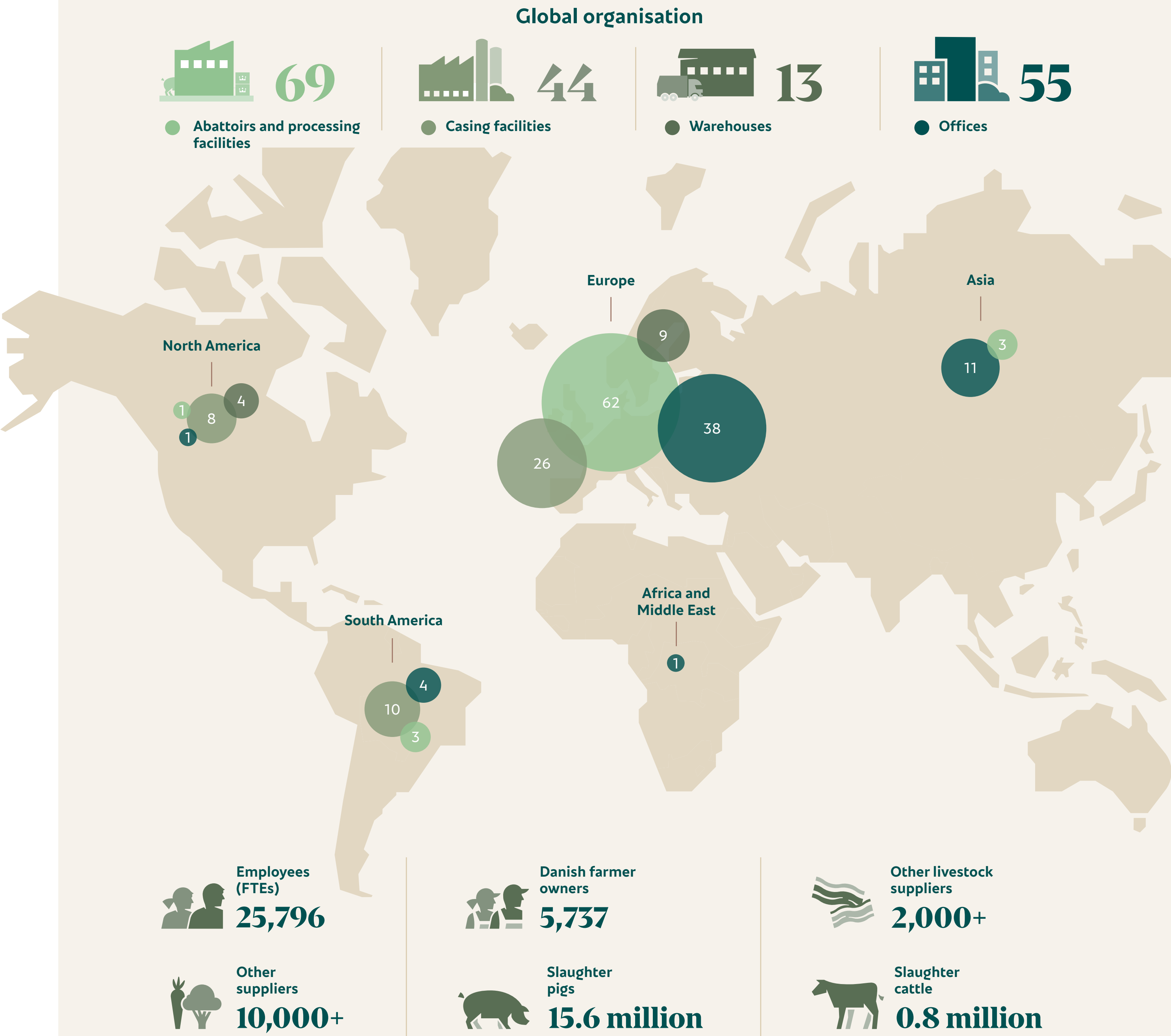
Adding value from farm to fork

Danish Crown is a farmer-owned global food company headquartered in Denmark and with a presence in 26 countries. We provide food for consumers all over the world through our various brands. Our product range is based on protein and consists of fresh and processed meat, plant-based products, and ingredients for pharmaceuticals, animal feed and biogas. We strive to maximise the market value of our products by building on strong customer relations and consumer insights, high quality, sustainability, food safety and animal welfare.

Everybody should have the right to enjoy good, nutritious food safely, but we also need to feed a growing global population while minimising harm to the planet we share. At Danish Crown, we can make a difference to food and make agriculture a driving force for change. We prioritise value over volume and are committed to healthier products, care for our animals and thriving farms.

Danish Crown was founded in 1887. As a cooperative, we are guided by our vision "Together, we are creating a more sustainable future for food", and we operate our business with the aim of leading the green transition in our industry and creating financial, social and environmental value at every step from farm to fork.

Danish Crown is Europe's largest producer and a major exporter of pork and organic meat, and among the top five producers of beef in Europe. We receive pigs and cattle for slaughter and further processing from our 5,737 Danish farmer owners and from farmers in Sweden, Germany and Poland. We have 69 abattoirs and processing facilities, 44 casing facilities, 13 separate warehouses and 55 offices. The majority of our 25,796 employees work at our production facilities in Europe.



Adding value through our business

Cooperative owners

We are owned by Danish farmers, who deliver their animals to Danish Crown for processing and sale.

Our earnings are paid back to our cooperative owners.

Slaughtering and deboning
Adding value to primal cuts by optimising usage and processes. → Food industry

Processed products and casings
Adding value through further processing and customisation. → Food industry, food service and private label in retail

Category products and meals
Developing concepts that address consumer needs and occasions. → Food service and retail

Top brands
Adding value through specific concepts based on consumer preferences. → Consumers

Feeding the Future

Consumers

Food service and retail

Food industry, food service and private label in retail

Food industry

Fair payment for meat
Most of Danish Crown's earnings are paid back to our cooperative owners through regular settlements and annual supplementary payments.

Local workplaces
We create jobs around the world both directly and indirectly and contribute locally to upgrading the qualifications of our workforce.

Sustainability throughout our value chain
We aim to lead the way towards making food production sustainable and involve our entire value chain in ensuring resource efficiency and in reducing adverse sustainability impacts.

Meals for consumers
By maintaining a high level of security of supply and food safety, we ensure millions of high-quality meals for consumers in most parts of the world.

Sustainability and adding more value can create new market positions for us

Danish pig production and Danish Crown have long relied on exports of pork outside the EU and a strong market in the UK. In short, we have thrived and developed our business based on Danish abattoirs' ability to switch from market to market with a primary focus on quality pork for the food industry. This has been successful because Danish abattoirs have been among the best in the world for decades at adapting to customer needs, whether selling bacon to the UK, pork bellies to Japan or large quantities of cuts to China.

Competitors in southern Europe have multiplied their production and exports to our traditional markets. As they produce at lower cost with integrated value chains, they are able to offer products at a lower price. This is a challenge for us.

The large fluctuations in the number of pigs supplied to our abattoirs have made it very difficult to optimise production. I am therefore delighted that our farmer owners are now reporting their expected production figures for the coming year. This makes it easier for us to plan and adjust capacity more accurately.

Strengthening competitiveness

We have an opportunity to take a new leadership position in the market based on sustainability. We need to find that extra gear and make the transformation necessary in production and on the farms. We have set ambitious goals for greenhouse gas reductions, and we need to understand how to convert those goals into a strong market position.

To improve competitiveness, in August we initiated a comprehensive simplification and transformation of our business. I have great confidence that we will see clear results from this programme. We will also continue to optimise our production structure in other ways, ensuring that we always have the right set-up and remain the best company for our owners.

More Beef farmer owners

Our Beef farmer owners had a good year financially, albeit not at the same very high level as in 2021/22. Our beef business performed well, with a good mix of retail products and products for the food industries and food service both in Denmark and in our European markets. A strong effort from Member Relations meant that we were again able to welcome new beef farmers to the cooperative during the year, despite structural changes in the Danish beef sector.

Digital solutions and more sustainability initiatives

We offer our pig farmer owners a wide range of tools and digital solutions that help them in their daily work on efficiency and sustainability. I am pleased that we also launched projects during the year to test new ways of reducing carbon footprint on farms. We have set clear goals for sustainability and our owners play a key role in collectively achieving these goals.

Farm economy has improved

I am delighted that the farm economy improved during the year, and that Danish agriculture in general is in a much better position. Denmark is a good country for farming. We have developed a huge knowledge cluster over the past 150 years with a unique array of supply and processing companies, education programmes and consultancies. We have every opportunity to lead the way in reducing the carbon footprint of livestock farming with all the expertise we have available.

We believe in Danish pig and cattle production, and we are confident that Danish Crown will remain the best company for those who choose this path.

Asger Krogsgaard
Chairman

Challenges must be turned into opportunities

It was a historically challenging year for Danish Crown. European production of pork had to find its balance without significant exports to Asia, especially China, which caused disruption. Weak demand in Asian markets led to oversupply in European markets, and this, combined with inflation-driven changes in consumer behaviour, sparked a dramatic decline in European pig production. The resulting shortages at abattoirs drove a significant increase in pig prices across Europe. Record-high prices have not, however, prompted European pig producers to increase production.

Pressure on results

The lack of exports from the EU particularly affected Danish Crown, making it harder to command the premiums from the markets outside the EU needed to offset our higher costs in Denmark. At the same time, our processing companies reported weak results due to high raw material prices, and consumers reduced their spending on food due to inflation. So, despite relatively high quotation paid to our farmer owners by historical standards, we have lagged behind the European average since the beginning of the year. Clearly, that is not satisfactory.

Restoring competitiveness

In light of these challenges, we focused on ensuring a continued healthy business and competitive returns in the long term. We closed facilities, increased efficiency and adjusted production to match the raw material base affecting 1,700 employees. We now have an opportunity to target investments in our remaining facilities and in additional automation. In August, we further accelerated a major efficiency plan aimed at delivering DKK 1.5 billion over the next two years.

The programme includes optimising sales, administration and support functions, improving capacity utilisation at our facilities, and increasing the margins on processed products. Sales efforts also need to be segmented and focus more on customers who prioritise Danish pork and products from Danish Crown or seek a food partner dedicated to sustainability.

Approved climate goals

Sustainability is a major topic in discussions with our customers, opening up opportunities for partnerships and collaborations. Our task is to ensure that the ambitious climate goals set by our farmer owners to reduce carbon emissions are met. We must be more selective in the customers we work with and increasingly focus on future customers who can and will embrace the green transition. Last November, the Science Based Targets initiative approved our target of reducing greenhouse gas emissions by 42% in scope 1 and 2 and 20% in scope 3 by 2030. The fight against climate change is a global challenge, and we must deliver on our goals.

We therefore joined forces with several other Danish companies to create a carbon-neutral transport corridor between Denmark and the UK so that we can get products from our Danish farmer owners to British consumers without harming the environment.

New beef products developed

The beef market managed to find a new and consistently high level after a record-breaking 2021/22, and we succeeded in providing a competitive return to our farmer owners. In both Germany and Denmark, the industry's total production capacity was adjusted during the year, but we managed to keep our raw material intake relatively stable. New products and concepts were developed in close collaboration with our farmer owners and were welcomed by customers and consumers in Denmark, Germany and Southern Europe. Our hide business Scan-Hide put significant work into product traceability, contributing to positive results.

In conclusion

I would like to thank each and every one of our employees and our farmers for their hard work in a difficult year.

I cannot promise that all challenges will be resolved in the new financial year, but we have taken a significant step forward with a strong action plan to restore our competitiveness.

Jais Valeur
Group CEO

Mega-trends

In today's rapidly changing world, it is essential for businesses to be aware of the global megatrends shaping our society. These megatrends have far-reaching implications for industries, economies and the environment. By understanding and adapting to these trends, we can position ourselves for long-term success.

Green power, electrification of processes, and substitution of natural gas with biogas are top priorities in the efforts to achieve our emission reduction target.

Climate change

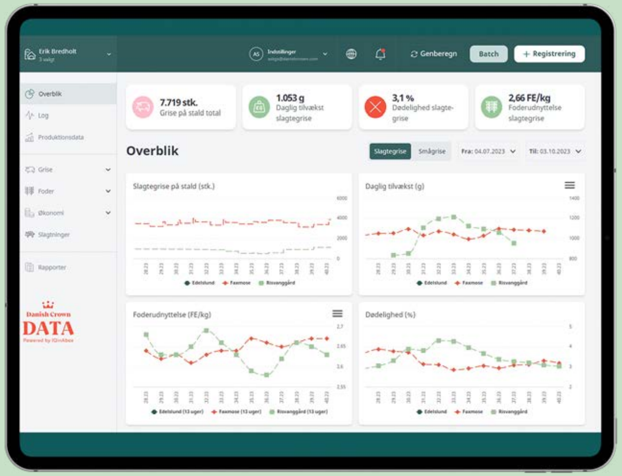
Climate change is one of the most pressing challenges of our time. The increasing frequency and intensity of extreme weather events have led to devastating natural disasters with lasting repercussions. Changing weather and climate change will affect the food industry, for example through livestock farmers' ability to source affordable feed. Governments worldwide are also implementing laws and regulations to promote the use of renewable energy and reduce carbon emissions. Danish Crown is embracing the challenges and working proactively to transform our operations and value chain. Combating climate change is an important element of both our business strategy and our sustainability strategy.

Urbanisation

All around the world, people are moving from rural to urban areas, leading to rapid growth in the big cities. As a result, smaller towns and rural areas are often left underpopulated and with a limited pool of labour. This trend has implications for businesses, as they must consider the concentration of consumers, talent and resources in urban areas when planning their operations. When it comes to agriculture, it is crucial that the younger generation sees farming as an attractive way of life and understands how food is produced. Consumers in urban areas may have easier access to a variety of cuisines and dining options, potentially leading to increased restaurant dining and a shift away from traditional home-cooked meals.

As cities become more densely populated, environmental concerns can become more prominent. Urban consumers may be more inclined to make sustainable and eco-friendly choices in food.

As a food company, we typically have production facilities in more rural areas, and we are running proactive recruitment initiatives to attract candidates for our jobs. We are mindful of the effect on local communities when we open or close facilities, and in the latter case we do our utmost to support people in finding new employment.



The Danish Crown dashboard provides real-time insights and production benchmarking for farmers, enabling data-driven decisions.

Geopolitical instability

Geopolitical instability is impacting businesses globally. Conflicts of interest between nations can lead to political, economic, military and social risks that have implications for businesses operating in the regions affected. This is naturally also the case for Danish Crown, as we are heavily reliant on exports, and any restrictions on our access to markets will impact our business. Our costs and our farmers' costs can also be adversely affected by global instability. Strengthening the resilience of global supply chains and diversifying market presence are therefore imperative to navigate the shifting geopolitical landscape. In most markets we are seeing a clear preference for locally produced food.

Understanding and adapting to global megatrends is vital for businesses in today's dynamic environment. By staying informed and proactive, we can identify opportunities, manage risks and align our strategies with the evolving needs and expectations of our customers and stakeholders. Embracing sustainable practices, leveraging digital innovations and navigating geopolitical complexities will position us for long-term success and help create a better future for all.

As cities become more densely populated, environmental concerns can become more prominent.

Digitalisation and Industry 4.0

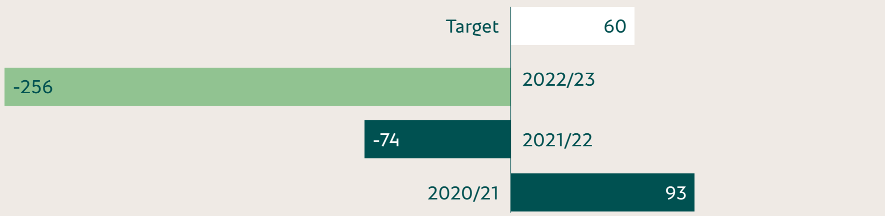
The world is rapidly moving towards a digital economy. The Internet has become a modern utility, and we are seeing a fourth industrial revolution towards Industry 4.0. Smart devices, artificial intelligence (AI) and robotics are transforming the way we live and work.

Automation is increasingly replacing physically hard manual labour in many sectors. This is also the case at Danish Crown, and we are constantly exploring how automation can help reduce the physical strain on employees at our production facilities. Danish Crown aims to position itself as a significant developer of new machinery and robotic solutions. By independently developing and patenting these innovations, we will turn the automation agenda from a challenge into a competitive advantage. Digital solutions will further strengthen the integration of our value chain from farm to fork.

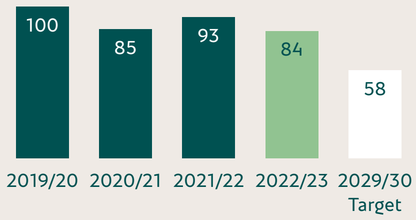
Understanding and adapting to global megatrends is vital for businesses in today's dynamic environment.

Financial and non-financial highlights

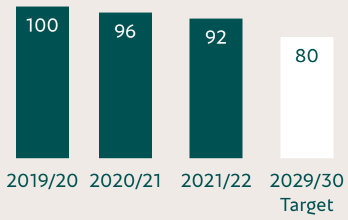
Difference to average EU index*
DKK per kg pork



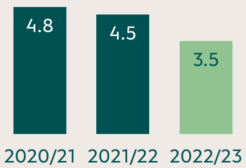
Science-based targets
Scope 1 and 2 CO₂e emissions (index)



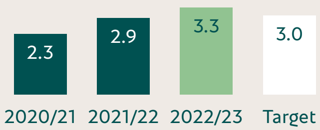
Scope 3 emission intensity (index)**



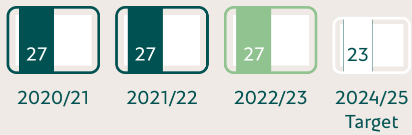
EBIT
%



Financial gearing*

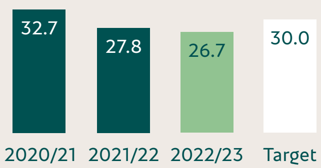


Packaging
Kg per tonnes produced

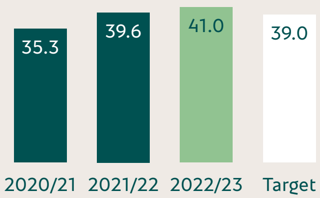


Deforestation and conversion-free soy
% of the total amount of soy used in feed for our slaughter animals and as an ingredient in our food production in 2022/23

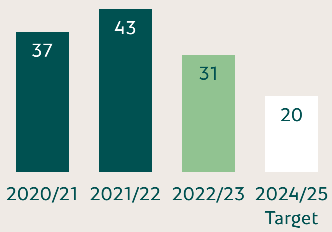
Solvency ratio*
%



Net working capital*
Days



Accidents
Number of accidents per 1,000 FTEs



New policies

- Deforestation and Land Conversion Policy
- Carbon Insetting Policy
- Genetically Modified Organisms (GMO) Policy

* The targets for Difference to average EU index (DKK/kg) and Solvency ratio (%) are minimum targets, and deliverables must be higher than the defined target. The targets for Financial gearing and Net working capital (days) are maximum targets, and deliverables must be lower than the defined target.

** Given the high complexity of scope 3 emissions and our reliance on third-party data, scope 3 emissions for 2022/23 will be available in May 2024.

Strategy

Minimising the impact of the climate challenge is Danish Crown's opportunity to become more relevant to customers and consumers than ever before. We need to deliver on our promise to offer sustainable food. When we succeed, we can pay our owners a higher price for their raw materials, enabling them to invest more in their farms. In short, we must create a positive, upward spiral.

Feeding the Future Follow-up Sustainability Science-based targets

Ambitious strategy is boosted to deliver results faster

In our Feeding the Future strategy, the focus is on reducing the carbon footprint of meat and adding more value to our products and categories.

In the future, we must be able to feed the global population with more sustainable food and add value throughout the value chain from farm to fork. By investing in new technology, sustainability and innovation, we aim to deliver on our promise to consumers and customers to supply more sustainable food and products that meet consumer demand. In this way, we will also be able to pay a higher price to our owners for their raw materials, which will enable them to continue investing and thereby reduce the carbon footprint on their farms. Our goal is not to produce more pigs, but rather to create more value from the raw materials supplied by our farmer owners. For Danish Crown, the strong focus on sustainability is an opportunity to become even more relevant to customers and consumers. Our ownership by Danish farmers is a unique opportunity for us to drive the green transition and increase the added value of our products all the way from farm to fork.

Despite troubled markets, our ambitious Feeding the Future strategy remains intact. While we increased the settlement price for our cooperative owners by 24% in 2022/23, we still-face challenges in our value chain.

Our competitiveness is measured against an index consisting of a weighted average of our peers in Denmark, Germany, the Netherlands, France and Spain. Unfortunately, we did not meet our strategic target of paying DKK 0.60 above this index in 2022/23. We came out DKK 2.56 below the index.

To adapt to the situation, we have taken various steps to restore an efficient supply chain, including reducing production capacity and closing two production facilities, as the number of pigs for slaughter has decreased in our home markets in Germany, Denmark and Poland. Over the summer, we sharpened our ambition in order to deliver on our Feeding the Future strategy even faster, and we have in fact managed to retain our market shares for products for retailers and the food service market.

Making substantial investments in sustainability, the value chain and innovation from farm to fork
Our goal is to invest DKK 4-5 billion in agriculture and DKK 11-12 billion within Danish Crown.

Maintaining a sustainable production level for Danish pigs at the current level of 10-13 million
Our goal is not to be biggest, but to supply the best and most valuable products.

Smart and efficient supply chain
A stable supply of pigs combined with spreading our intra-group best practice enables us to reduce our costs by DKK 1 billion while delivering value-added food.

More sustainable high-quality food
Our goal is to supply high-quality food in key categories to customers and consumers around the world.

Adding much more value to our products
We aim to boost demand in our markets by increasing farm-to-fork sustainability, sharpening our focus on innovation and increasing sales of our branded products.

Continuous investments
Based on greater differentiation with respect to innovation and sustainability, we aim to command a premium, which in turn will enable us to invest further in innovation and sustainability.

Investing in sustainability, value chain and innovation

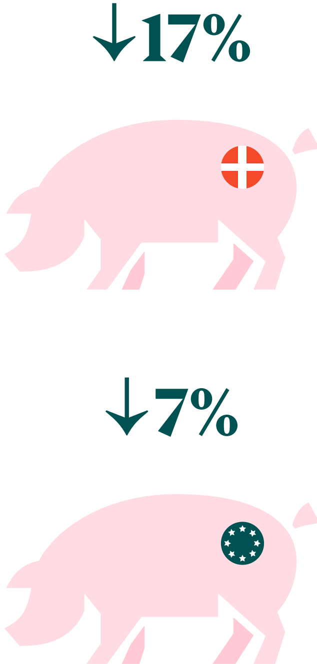
Our Feeding the Future strategy sets a goal of investing around DKK 2 billion annually over a five-year period, focusing particularly on the value chain, sustainability and innovation.

This year, we invested more than DKK 1 billion in developing production facilities, technology and machinery for automation. For the first time in more than two decades, we filed a patent for a newly developed machine, and our aim is to use automation as a competitive advantage. We expect automation to replace physically demanding jobs while creating new jobs requiring other skills.

In the UK, we invested around DKK 360 million in a new bacon plant in Rochdale. In Poland, we began work on improvements at the abattoir in Robakowo.

In Denmark, we finalised the construction of our new head office in April 2023, creating a modern and collaborative environment for our colleagues. For the new head office we expect to obtain the Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB) gold certification for buildings and DGNB heart for healthy indoor climate.

When making new investments, we focus on reducing greenhouse gas emissions, energy consumption and packaging while improving the working environment.



European pig production fell in 2022/23. On average, pig production in the EU fell by 7% from 2021/22 to 2022/23. In Denmark, production fell by 17% in the same period.

Maintaining a sustainable production level

European pig production fell by an average of 7% in 2022/23. This was reflected in the Danish market, with 17% fewer pigs supplied to Danish Crown. The number of pigs sent for slaughter declined to close to 11 million, which is still within the strategic framework. We have therefore had to adapt to the situation, and we have taken steps to restructure our production footprint.

Smart and efficient supply chain

Due to tougher market conditions, we needed to take action to safeguard our future competitiveness and make some difficult decisions in order to meet our target of cutting costs by DKK 1 billion by 2026. Towards the end of the year, we accelerated our plans and launched a cost-saving and improvement program that over a two-year period is aimed at increasing earnings by DKK 1.5 billion.

In the first half of the year, we adjusted our production footprint in Germany by closing our facility in Boizenburg and concentrating our activities at our abattoir in Essen. We also streamlined our organisation and regrettably dismissed 150 salaried employees, and we closed our abattoir in Sæby, Denmark. All in all a reduction of 1,700 employees in the group.

Our supply chain excellence initiative Optima has helped us bring down costs in our supply chain. The programme has now been implemented at 14 facilities and has proved a valuable tool for identifying and reducing costs.

We launched a major logistics project during the year to rethink and improve our transport solutions in terms of sustainability and energy sourcing. In a new partnership within logistics and food transport, a double-digit DKK million figure has been earmarked for innovative solutions to reduce our climate footprint. A future where natural gas for our production facilities in Denmark and diesel for our trucks can be replaced with biogas and other sources of energy created from our own biological waste is no longer a dream, and we have secured access to significant amounts of green energy for our Danish production facilities through a new strategic agreement with a biogas company.

Sustainable high-quality food

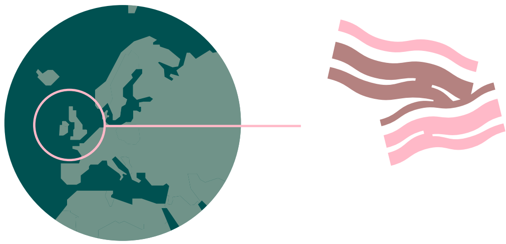
Having our near-term climate targets validated and approved by the Science Based Targets initiative (SBTi) is a key milestone in our journey to ensure that our climate actions lead to significant absolute reductions in greenhouse gas emissions. The targets we submitted are broken down into sub-targets for scope 1, 2 and 3 emissions based on detailed mapping of all significant greenhouse gas emissions throughout our value chain. Read more on page 16.

Our Climate Track sustainability programme is a tool that helps our farmers to work with sustainability on farms. In Denmark, all of the farmer owners supplying pigs and cattle are covered by the programme, as are most pigs from our Swedish contract suppliers, and the programme is also being rolled out for pigs from our German contract suppliers.

Adding more value to our products

In May, Danish Crown launched a new brand platform bringing together our efforts in the belief that "Food can make a difference". The idea is to create a strong and coherent Danish Crown brand building on our background in sustainability and quality. We will draw on our heritage as a farmer-owned business and create a strong connection between the farmer and the consumer. We aim to be one of the most sustainable animal protein companies in the world and use this to transition into a food company.

Our brand story needs to be relevant to customers and consumers across numerous markets. Extensive insights into consumer preferences in different markets will guide us in the choices we make going forward.



↓ 42% in CO_2e reductions in scope 1 and 2

We will reduce our global CO_2e emissions in our own operations by 42% by 2030.

Continuous investments

Our efforts to move more products higher up the value ladder were stepped up during the year. For example, we invested in a new plant in Rochdale, UK, for slicing and packaging Danish bacon for the UK market. The state-of-the-art facility will employ around 300 staff and handle over 900 tonnes of bacon weekly. With a focus on sustainability and customer partnerships, the plant is well-positioned to meet UK demand. The investment strengthens our position not only in one of our most important markets but also in the bacon category, which is one of our three global categories alongside toppings and canned products.

Strategic highlights from our three business units Danish Crown Beef, DAT-Schaub and ESS-FOOD.

Strong performance at Danish Crown Beef

Payments to Danish beef farmers are making us optimistic about maintaining competitiveness in the market. Danish Crown Beef has a robust value chain from sourcing the animals to delivering the end product, and this favourable position allows us to focus on realising our strategy. The goal is to add value to available raw materials with a strong emphasis on value over volume, directing investments towards innovation and marketing.

DAT-Schaub family grew in 2023

Casing company DAT-Schaub has acquired the majority of the shares in SELO, which is among the market leaders in sales of artificial casings for sausage production in the Benelux countries. The transaction strengthens DAT-Schaub's position as one of the top three casing companies in the world.

Organic growth in a difficult market

ESS-FOOD has set itself the goal of expanding its operations in its principal markets in Asia, the Middle East, Africa, Latin America and Europe. The company delivered on this overall strategic ambition during the year with particularly strong performance in the Middle East and a number of European markets.

Our strategy to deliver on sustainability

We believe that delivering on our sustainability targets is essential for the future of our business. As a food company, we play a vital part in taking care of our people, our animals and our planet, and we aim to be respected as providing value for society. Our sustainability strategy addresses key impacts, risks and opportunities in our value chain from farmers and our own operations to customers and consumers.

Together with customers and consumers

Danish Crown's products contribute to around 43 billion meals each year, and we see sustainable food as a growing trend that will increase in both value and volume across markets. This is an opportunity for us to become even more relevant for our customers and consumers by offering safe, sustainable, healthy and nutritious products with informative labels. We are therefore developing new food concepts together with our retail, food service and food industry customers.

Good jobs for everyone

Our employees are our most valuable asset, and our top priority is to ensure good jobs and a healthy working environment where people thrive. Acknowledging that working in our industry can be physically demanding, particularly in production, we have a constant focus on preventing accidents and work-related illnesses. We strive both to retain and develop our existing employees and to attract new staff. We view diversity as a competitive advantage and offer jobs to people with different backgrounds.

Sustainable farming

Our farmer owners work hard to ensure resource-efficient livestock production and to further improve their environmental footprint. Reducing farm level emissions is crucial to sustainability at farms and in meat production. The research and innovation needed to achieve significant reductions cannot be undertaken by the individual farmer. Helping our farmers in their sustainability journey is key to achieving our climate ambitions. Sustainable farming also includes high animal welfare standards, protecting livestock from harmful viral diseases, such as African Swine Fever, and preserving biodiversity.

Sustainable food production

Efficient use of resources and circular solutions are vital to reduce greenhouse gas emissions and provide sufficient food for the world's growing population. All production facilities strive continuously to optimise production processes and reduce energy and water consumption as well as greenhouse gas emissions and waste generation. We work closely with our suppliers when sourcing products and services to drive sustainability standards throughout the value chain.

Setting science-based targets

Combating climate change is a key element of our sustainability strategy, and working with our climate targets has therefore been central in our sustainability efforts in 2022/23. In addition, we have also worked with many other areas covered by the sustainability strategy, as described in our Sustainability statements.

Our climate vision is climate neutral (net zero) meat production by 2050. Setting science-based targets is a concrete step towards achieving that.

In September 2021, we made a commitment to set climate targets under the UN-backed Science Based Targets initiative (SBTi). We submitted our targets to the SBTi for validation in July 2022, and our near-term targets were approved in November 2022.

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

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

These replace our previous target of cutting our greenhouse gas emissions from production and logistics by 50% per kg of meat by 2029/30 relative to 2004/05. Although the percentage reductions in the new SBTi-approved targets are lower, they strengthen our ambitions as they refer to a much shorter period and come on top of the considerable reductions in emissions made before 2019/20.

We can already see that things are moving in the right direction: our scope 1 and 2 emissions decreased by 10% from 2021/22 to 2022/23, and scope 3 emissions per output produced by 4% from 2020/21 to 2021/22[2].

To continue our progress towards our reduction targets, all our business units developed detailed reduction roadmaps in 2022/23 for scope 1 and 2 emissions. For scope 3, our efforts to reduce emissions extend throughout the value chain, but the greatest reduction potential is on the farms. Danish Crown has identified a long list of initiatives to bring down emissions further at farm level, the most important of which are shown in the figure on the next page.

[1] Business activities that are not representative of Danish Crown's overall production and/or represent only a minor share of our climate impacts were not included in the final scope 3 target. The target addresses 88% of the base-year scope 3 emissions, which meets the minimum ambition requirements for the physical intensity approach.

[2] Given the high complexity of scope 3 emissions and our reliance on third-party data, scope 3 emissions for 2022/23 will be available in May 2024.

Key initiatives for reducing scope 1, 2 and 3 emissions

Farm level

Reduce farm level emissions for our slaughter animals in Denmark, Sweden, Germany and Poland.

- Work with representatives of our farmer owners in Denmark and suppliers of livestock in Sweden, Germany and Poland on evaluating known reduction technologies
- Optimise manure management, including increased use of manure for biogas
- Develop field technologies that ensure feed grain with less climate impact
- Increase feed conversion efficiency through Danish Crown Data programme
- Deforestation-free soy in feed

Production
Decarbonise our electricity consumption and investigate biogas options

Logistics
Work together with our logistics providers to deliver emission reductions

Sourcing
Engage with our key suppliers and establish partnerships with selected suppliers

Business

In this section of the report, we provide an overview of developments in our markets and the activities and performance of our individual business areas: Danish Crown, KLS, Sokołów and DAT-Schaub. The section will also provide you with an overview of our key performance indicators, a financial review, a glimpse into the outlook for the upcoming year, and insights into identified risks and our strategies for mitigating them.

Business areas Group key figures Financial review Outlook 2023/24 Risks

Business areas

Our business is organised to support our Feeding the Future strategy aiming at creating more value from the raw materials our owners provide – throughout the value chain from farm to fork.

Danish Crown

Suppliers
Supplies of pigs, cattle and other raw materials

- Farmer owners and external suppliers
- Farmer owners and external suppliers
- Suppliers

Production facilities
Denmark, Sweden, Germany, the Netherlands, Poland, UK, France, China

Commercial offices
Denmark, Germany, China, UK, Japan, France, Italy, Philippines, Vietnam, USA

Categories
Fresh meat, bacon, convenience, cold cuts, canned products, toppings, sausages

Brands
Danish Crown, Tulip, Friland, Steff Houlberg, Gøl, Mou, Den Grønne Slagter, NordicSpoor

Read more

Sokołów

Suppliers
Supplies of pigs, cattle and other raw materials

- External suppliers
- External suppliers
- Suppliers

Production facilities
Poland

Commercial offices and stores
Poland

Categories
Fresh meat, sausages, cold cuts, convenience

Brands
Sokołów, Sokoliki, Uczta Qulinarna, Naturrino, Z Gruntu Dobre

Read more

KLS

Suppliers
Supplies of pigs, cattle and other raw materials

- External suppliers
- External suppliers
- Suppliers

Production facilities
Sweden

Commercial offices
Sweden

Categories
Fresh meat, cold cuts, convenience, sausages

Brands & concepts
Dalsjöfors, Charkuterifabriken, Ugglarps, Ingemar Johansson, Charkprodukter

Read more

DAT-Schaub

Suppliers
Supplies of casings

- Farmer owners and external suppliers
- No suppliers
- Suppliers

Production facilities
Denmark, Sweden, Estonia, Germany, the Netherlands, France, Portugal, USA, Chile, Colombia, Brazil, China

Commercial offices
France, Denmark, Poland, Germany, Belgium, Sweden, Estonia, Finland, the Netherlands, Spain, USA, Chile, Colombia, Brazil

Categories
Casings, mucosa, heparin, stomachs

Brands
No brands

Read more

A new way forward for Danish Crown in a disrupted market

2022/23 was another year characterised by international disruption and challenges. Inflation, the energy crisis, war in Ukraine and general uncertainty gave cause for concern all around the world. For Danish Crown, we also saw a decreasing supply of pigs and a shift in consumer demand which required us to find new ways to move forward.

The situation in most of our markets changed dramatically during 2022/23. Our sales were negatively impacted by the decrease in demand sparked by the inflationary environment, which prompted consumers to limit their consumption of meat and pushed them towards cheaper options such as private label and discount products.

All markets are witnessing a general decline in the consumption of meat protein because of changed consumer preferences towards eating less meat and substituting meat with other proteins.

At the same time, our Danish abattoirs were challenged by a decreasing supply of pigs. Among other things, this was caused by a strong German domestic market that pushed piglet prices there to extremely high levels, causing a sharp increase in exports of piglets from Denmark. Danish pig production fell by 17% compared to the previous year.

This clearly shows us that our Feeding the Future strategy has the right focus – moving away from selling fresh or frozen meat to the food industry towards selling more processed products to food service and retail customers, and thereby adding more value to our products. As a food company we want to be where the consumers are and develop accordingly. We are supplying consumers with good food products at an attractive price, but also focusing on healthier and high-quality meal solutions.

During the year, we scaled more of our main categories to be sold in more markets and strengthened our market positions across the markets. We launched a number of consumer campaigns focusing on our quality products. Consumers are spending less and less

Danish Crown

The business unit Danish Crown and Danish Crown Beef process the raw materials from our farmer owners in Denmark into food sold both at home and abroad, supported by the trading company ESS-FOOD.

47,453

Revenue (DKKm)

Revenue growth was driven by price increases as volumes were down 6% on last year. The lower volumes were mainly driven by lower supply of pigs in Denmark

2020/21: 41,503 **2021/22:** 45,153

1,345

EBIT (DKKm)

EBIT was negatively impacted by a mixture of lower volumes leading to a less effective use of production capacity and a high level of inflation. Sales price increases partly compensated for this.

2020/21: 1,509 **2021/22:** 1,449

12,005

Employees

During the year we closed two production facilities in Denmark and Germany and simplified our supporting processes. This meant that we said goodbye to 1,100 employees.

2020/21: 12,284 **2021/22:** 12,887

time in the kitchen preparing meals. We try to compensate with easy and healthy meal solutions.

In all our product ranges, we are focusing on making our products more sustainable and based on raw materials from farms with high animal welfare standards. This is an ongoing focus for us, and we are continuously working to further improve our efforts in this area.

In a year of increasing raw meat prices for our processed products business, we had to work closely with our customers on ways to overcome this challenge. The time lag between the sudden increase in meat prices and the implementation of sales price protection efforts across the value chain impacted our profitability in the short term.

Despite challenging market conditions with dwindling supply and continued inflationary pressures, we were able to raise the prices we paid our farmer owners during the year. However, they were still lower than the prices paid by our European competitors.

Adapting to fewer pigs
The continuing decrease in pig supply in all European countries increased our focus on balancing production capacity to maintain satisfactory efficiency at our production sites. We decided to close the Danish Sæby abattoir in June. In Germany, we decided to transfer our deboning activities in Boizenburg to our abattoir in Essen to reap the rewards of having our German deboning activities under one roof.

In order to make the Danish supply chain more efficient with the right capacity relative to the availability of Danish pigs, we introduced a new model for cooperation between our farmer owners and the company. Farmers are now providing us with estimates of their pig supply for the next 12 months so that we can plan production capacity accordingly. We expect this to support a more stable production flow in the coming year, during which our owners have committed to deliver 11 million pigs to us.

We entered the year with rising inflation, primarily in energy and raw materials, but energy prices in particular dropped again early in the year. However, the collective labour agreements reached across Europe in the spring have resulted in increasing payroll costs, which in turn have increased our focus on harvesting further efficiency gains across our supply chain to improve our competitiveness and thereby the prices we can pay our farmer owners.

These optimisation activities have had a significant impact in terms of adjusting our supply chain and overall cost base to the new supply situation while keeping a flexible production set-up and supply chain which can adapt to shifts in demand and market conditions.

Positive growth for Danish Crown Beef
Volatile prices were also a challenge in the beef market, which needed to find a new balance coming off very high levels in 2021/22, when demand for beef peaked.

We also saw capacity being adjusted by competitors in more markets, which meant that we were able to keep the number of animals slaughtered at acceptable levels despite a general reduction in the number of slaughter animals. Both Danish and German farmers

Organic pork

In the Danish market, Friland offers a selection of premium organic beef and pork, showcased through distinguished brands including Friland Organic, Friland Free Range Pork and Friland Beef. Additionally, we provide our high-quality meat products for private-label purposes, as well as for butcher's shops, food service and food-processing companies.

A substantial portion of Friland's production finds its way to the global market, solidifying our position as a prominent supplier of organic meat to processing companies.

actively chose Danish Crown Beef. In Germany, we saw a decrease in slaughter animals of 2.4%, which was on par with the decrease in the market. In Denmark, our share of total slaughter animals increased by 1% in a declining market.

Danish Crown Beef has strong product and concept solutions. Through innovation and branding, we added popular new products to the counter. We introduced a new European heifer concept, Norland, which was well received in Germany and Southern Europe. Burger BOOST saw another record year, with sales growth of 83%.

We were able to offer our farmers competitive prices. This was made possible by a high level of production and process improvements, which partially compensated for inflation-driven cost increases.

Working with sustainability and traceability is high on the agenda in our hide business Scan-Hide, which is the front-runner in the leather industry in creating transparency from farm to final furniture, shoe or handbag. This contributed to the positive performance we saw at Scan-Hide.

ESS-FOOD overcomes turbulence

ESS-FOOD once again demonstrated its agility in a turbulent world where prices varied significantly between markets. There was a notable increase in sales in the European market. Although volumes were lower revenue was up compared to 2021/22. We continue to work hard to find new opportunities with new customers, new products and new markets.

Sustainability

Sustainability is increasingly part and parcel of daily life. We will continue our efforts to assist farmers in making the production of slaughter animals more sustainable, while ensuring that consumers have more sustainable products to choose from. This includes finding new technologies to reduce greenhouse gas emissions. We are currently working with three of our Danish farmers on flaring methane gas collected from slurry tanks, which could reduce carbon emissions per kilo of pork by 10-20%. If the tests are successful, the technology will be rolled out across more farms in the coming years.

With all of our Danish pig farmers already enrolled on our Climate Track sustainability programme (see page 36), we have now also onboarded 500 of our German pig suppliers. The programme helps farmers work more systematically on sustainability initiatives and supports our strategic initiatives to reduce greenhouse gas emissions.

We also strive continuously to reduce carbon emissions from our production facilities through investments and process optimisations.

Furthermore, we have teamed up with other large Danish companies to establish a climate-neutral transport corridor for our products from Denmark to the UK. The lessons learned from this pioneering initiative will be very valuable in ensuring that we achieve our sustainability objectives.

Burger BOOST

Burger BOOST is in the same league as the dry-aged burger when it comes to flavour. Burger BOOST features patties made exclusively from beef brisket, which imparts a completely different level of richness to the burger. This is because it is a cut of meat known for its robust and distinctive taste, a quality that many are familiar with from classic slow-cooked beef dishes.

Adapting to new market conditions in Sokołów

Sokołów has a strong position in the Polish market. The year brought continuing reductions in the supply of pigs and cattle for slaughter, leading to a steep increase in raw material prices. Together with high consumer price inflation and consumer recession, this affected consumer behaviour and choices in stores, and we had to work hard to adapt to the new market conditions.

Highly competitive Polish market
Consumer price inflation remained high into 2023 after a record 2022, peaking at 18%, and many cost drivers saw even greater increases – energy prices more than doubled and food prices climbed 20-30%. This resulted in consumers trying to save money by reducing their consumption of meat, switching to cheaper products (private label and lower-quality products) and channels (discount chains), and hunting for promotions. We also saw a significant decline in the food service sector, as people reduced their holiday budgets and cut back on eating out. This situation was attentively handled by the big discount chains, which not only increased the market share of their own brands but also drove a hard bargain with producers, forcing them to accept much lower margins.

Reacting to this market situation, Sokołów's own stores took steps to increase sales and improve the profitability of individual shops. We gradually rolled out a strategy of raising the standard of customer service and offering a wide range of premium products and services, including products from local smokehouses and combi steamers and other services. We also increased online sales.

Intensifying competition in the Polish market was also reflected in an increasing number of marketing campaigns and other consumer retention initiatives, both from the big retail chains and from small local store groupings. We made similar efforts ourselves to defend the position of the Sokołów brand through marketing activities and campaigns.

We continued to develop the Sokoliki product range dedicated to children, adding several new choices and running a number of media campaigns and competitions.

Sokołów

Sokołów is a leading food company in Poland based on raw materials from Polish pigs and cattle. Products are sold to customers and directly to consumers through our 300 stores. Sokołów is the best-known meat brand in Poland.

9,098

Revenue (DKKm)
Revenue growth was driven by price increases as volumes were down 4% on last year. The lower volumes were driven by a change in consumer behaviour due to high inflation on the Polish market.

2020/21: 7,105 **2021/22:** 8,238

194

EBIT (DKKm)
Our EBIT came under pressure with high inflation in a highly competitive Polish market making it difficult fully to compensate the increased costs by increasing sales prices.

2020/21: 306 **2021/22:** 310

7,947

Employees
We lowered the number of employees reflecting the lower production and the increased efficiency and automation in our production sites.

2020/21: 8,397 **2021/22:** 8,166

A branding campaign for Sokołów in general was launched, along with sales support initiatives targeting kabanos and other meat snacks, including on social media. We also updated our barbecue product range with innovative new products – both meat and plant-based products targeting flexitarians and vegetarians.

Despite all the good initiatives, the fierce competition in a difficult market negatively impacted our earnings for 2022/23.

Polish market for raw materials
Polish farmers were increasingly squeezed by inflation. Prices for pigs also rose 40%, but farmers still reduced herds due to the uncertainty, leading to a significant reduction in the production of Polish pigs. Production fell a further 7% during the year after falling 7% the previous year.

Bans on the export of Polish meat products to certain markets remained in force due to the continuing presence of African Swine Fever. At EU level, production continued to stockpile, the market remained oversaturated. Locally, cheaper meat mainly from Spain, Belgium and Germany continued to be recognised by Polish companies as the more profitable option for further processing.

In the beef market, we saw many new players emerge and a higher level of activity among existing producers, resulting in increased competition. Combined with higher cattle prices, this made it difficult to generate strong earnings in the segment.

Overall, these trends resulted in rising raw material prices for the processing business, soaring energy prices, higher payroll costs and a general increase in inflation. Combined with growing competition in the Polish market, this placed significant demands on the agility and adaptability of the business. The Sokołów team launched an extensive efficiency programme focusing on energy savings, labour efficiency and waste reduction to support our financial performance.

Sustainability agenda
We intensified our commitment to sustainable development during the year with work on environmental protection, sustainable pig and cattle breeding, health and safety at work, consumer education on the nutritional properties of meat and social issues. Our ambition is to be seen as an environmentally and socially responsible company that works in partnership with its stakeholders.

Projects include the deployment of renewable energy sources in the form of solar panels. The first stage of this project was implemented at our Sokołów Podlaski, Koło, Czyżew, Osie, Robakowo and Dębica facilities. Sokołów is also continuing to reduce the emission of greenhouse gases, enhance on-site infrastructure, deploy heating management upgrades and recover heat from production equipment and cooling systems. Cutting-edge heat recovery systems also allow reductions in water and electricity consumption. These benefits stem from solutions such as closed circuits for water in packaging systems and rationalising the use of water in cooling systems and water treatment stations.

In 2022, all production facilities phased in the ISO 45001 system in line with our strategic goal of improving on-site working conditions and reducing accident rates. We are also carrying out an in-depth study of occupational health and safety performance, sharing experience, insights and best practices across the organisation. Other key items on our agenda are lowering the frequency of musculoskeletal disorders among our employees and reducing their daily noise exposure.

Kabanos sausage

Kabanos, also known as cabanossi or Kabana, is a long, thin sausage usually made of pork that originated in Poland. It is smoky in flavour and can be soft or very dry in texture. Typically, it is quite long, 60 cm, but very thin, with a diameter of around 1 cm and folded in two, giving it a characteristic appearance.

Kabanos sausage is commonly found on charcuterie boards and as an ingredient in various Polish dishes.

KLS grows in a challenging market

We continued to generate volume and revenue growth in our Swedish business in a market where inflation is pushing consumers towards private label and processed products.

Consumers retain a strong preference for Swedish origin
Inflation had a firm grip on the Swedish economy in 2022/23, settling at a higher level than in many other EU markets. This increasingly pushed consumers towards private label and processed products, which was good news for volumes at KLS given its core focus on private label production and strategic growth in processed products.

The increase in consumer prices was also reflected in the prices paid to farmers, which stabilised during the year at high levels. The number of pigs coming to slaughter fell far less than in the rest of the EU. With reinvestment on farms at critically low levels, the number of pigs is expected to continue to decline. The value of Swedish pigs should hold up, however, thanks to consumers' strong preference for meat of Swedish origin. This will to a certain extent reduce the negative impact of the export bans that were imposed on Swedish meat in September due to outbreak of African Swine Fever in Sweden. Inflation and a weak currency pushed up costs, especially for raw materials, transport and energy. We worked hard to adapt to the new market situation and increased our selling prices, but we did not succeed fully in compensating for the increase in our cost base. Consequently, earnings were down compared to previous years.

Growing market share
We grew our Swedish business during the year in terms of revenue. To support this growth, we invested in production efficiency at our largest abattoir in Kalmar, Sweden and in product development. We broadened our range and our customer base for soups, meal components and convenience products.

This growth also means that we need to step up our sustainability initiatives throughout the value chain. We worked during the year on enrolling suppliers of slaughter animals in the Swedish version of Climate Track (KLS Gaarddata), which now includes 85% of our Swedish pig farmers and suppliers. The programme not only supports Swedish farmers in their sustainability work but also supports our strategic carbon reduction targets.

KLS

The food company KLS is a market leader in Swedish meat production based on raw materials from Swedish pigs and cattle. KLS has four abattoirs and four cold cuts and processing facilities in Sweden.

5,723

Revenue (DKKm)

While volumes were stable price increases drove up revenue. Product mix changed towards more processed products and more private label.

2020/21: 4,807 **2021/22:** 5,514

132

EBIT (DKKm)

We implemented sales price increases in the market to reflect the high inflation impact on our cost base together with a weak currency. Still, EBIT was negatively impacted by the increased costs.

2020/21: 175 **2021/22:** 156

1,230

Employees

We reduced the number of contract workers and employed own staff instead – both in the fresh and in the processed part of the business.

2020/21: 1,055 **2021/22:** 1,173

Earnings normalise at DAT-Schaub

Our DAT-Schaub business had another good year with record-high revenue, but earnings normalised at a lower level after a record-breaking 2021/22. Earnings were strong at the beginning of the year but faced headwinds towards the end of the year as the inflation crisis eroded demand from customers and consumers.

Maintaining our market position required very close contact with our customers. In this situation, our presence in many of the local markets proved a real advantage. We nevertheless saw margins decrease due to fierce competition, especially for natural casings. This was partly offset by higher earnings from stomachs sold in Asian markets.

Access to raw materials from pigs came under pressure from reduced slaughter volumes across Europe. Growth in North and South America was unable to compensate fully for this, but we managed to maintain our strong market position in hog casings based on raw materials from both Europe and the Americas.

There was again a high share of raw materials from markets outside Denmark, and the reduction in Danish slaughter animals meant that Danish raw materials were reduced. The reduced availability of raw materials demonstrates the importance of having a geographically broad raw material base and avoiding dependence on a few countries.

We collaborated continuously with existing and new suppliers in order to maximise the value of DAT-Schaub's raw materials. This included our mucosa and raw heparin business, where we anticipate a more volatile market in the coming year.

We also worked on our sustainability initiatives during the year. To support our strategic goal to reduce greenhouse gas emissions, we installed solar cells at our site in Alandroal, Portugal, which will produce the bulk of the electricity needed for production during the daytime.

In April 2023, DAT-Schaub acquired 70% of SELO, which is among the leading suppliers of artificial casings for sausage producers in the Benelux countries. An unchanged management team will continue as minority shareholders in the company. We will continue to grow our market position both organically and through acquisitions, including to safeguard our supply of raw materials.

DAT-Schaub

DAT-Schaub is a global business which processes and sells natural and artificial casings for the food industry and ingredients for the pharmaceutical industry.

5,326

Revenue (DKKm)

Higher prices for our products were able to compensate for the lower volumes resulting in a flat revenue development. Towards the end of the year, we started to see pressure on sales prices in some of our categories.

2020/21: 4,873 **2021/22:** 5,306

961

EBIT (DKKm)

As expected, our EBIT came out below last year's record high result. Margins were reduced due to fierce competition.

2020/21: 1,002 **2021/22:** 1,111

3,929

Employees

We increased our selection capacity in China and thereby increasing the total number of employees.

2020/21: 3,550 **2021/22:** 3,738

Group key figures

DKKm	2022/23	2021/22	2020/21	2019/20	2018/19
Income statement					
Revenue	67,602	64,212	58,287	60,794	56,506
Operating profit before special items (EBIT)	2,398	2,885	2,818	2,860	2,522
EBIT %	3.5%	4.5%	4.8%	4.7%	4.5%
Operating profit after special items	2,198	2,885	2,818	2,718	2,522
Net financials	-536	-226	-161	-185	-232
Net profit for the year from continuing operations	1,469	2,180	2,255	2,141	1,953
Net profit for the year from discontinued operations	0	0	0	14	-785
Balance sheet					
Total assets	29,069	29,356	25,539	24,473	28,443
Invested capital	20,855	20,779	18,391	17,044	18,262
– Of which net working capital	7,398	7,659	5,850	4,981	6,618
Return on average invested capital (ROAIC)	11.5%	14.7%	15.9%	16.2%	13.1%
Equity	7,747	8,173	8,363	8,055	7,361
Solvency ratio	26.7%	27.8%	32.7%	32.9%	25.9%
Net interest-bearing debt	13,108	12,606	10,028	8,989	11,847
Financial gearing	3.3	2.9	2.3	2.1	3.2
Interest cover	7.1	18.8	24.2	19.7	15.2
Cash flow statement					
Cash flows from operating and investing activities	1,612	480	1,137	3,506	954
– Of which investment in property, plant and equipment	1,824	1,551	1,718	1,494	1,398

	2022/23	2021/22	2020/21	2019/20	2018/19
Supplementary payments, DKK/kg					
Supplementary payments, pigs	1.10	1.30	1.30	1.35	1.05
Supplementary payments, sows	1.10	1.10	1.10	1.20	0.90
Supplementary payments, cattle	1.30	1.35	1.30	1.25	0.80
Total supplementary payments, DKKm					
Supplementary payments, pigs	1,048	1,497	1,512	1,450	1,132
Supplementary payments, sows	46	54	48	45	38
Supplementary payments, cattle	89	91	90	89	61
Total supplementary payments	1,183	1,642	1,650	1,584	1,231
Disbursement according to articles 22.2 d and 22.3.2 of the articles of association	30	23	22	34	27
Total disbursement	1,213	1,665	1,672	1,618	1,258
Supplies from cooperative owners weighted in, million kg					
Pigs	953.0	1,151.7	1,162.6	1,074.4	1,078.4
Sows	41.6	49.3	44.0	37.7	41.6
Cattle	68.1	67.2	69.3	70.9	76.1
No. of cooperative owners					
No. of cooperative owners	5,737	5,404	5,620	5,900	6,426
No. of employees					
Average no. of full-time employees	25,796	26,641	25,918	22,996	23,052

Declining pig production affects our results

A sharp drop in European pig production affected our results in several areas.

Increased market value of our products resulted in a 5% increase in revenue to DKK 68 billion, while volumes decreased by 9%. Volumes were pulled down first and foremost by a reduced supply of animals for slaughter, especially in Denmark where supplies from our farmer owners were down 17% on 2021/22.

These lower volumes led to rising prices for slaughter animals in the European market. Furthermore, persistently high inflation pushed up our wages and other costs. We therefore worked actively on increasing the sales value of our products – work which has continued into 2023/24.

Increasing product sales value is seen not only for products based on Danish raw materials but also for our products in the Swedish and Polish markets. However, this was not enough to cover rising production costs.

The drop in volumes led to a reduction in distribution costs of 7%. Despite efficiency gains in administrative functions to compensate for higher wages and severance costs, administrative expenses increased by 4%, due partly to increasing IT costs for both ordinary operations and projects.

Income from associates decreased because of a lower result at Daka Denmark A/S.

Overall, operating profit before special items (EBIT) decreased by DKK 0.5 billion.

Efficiency initiatives in our value chain resulted in facility closures in Denmark and Germany and streamlining of support functions. This led to one-off costs of DKK 0.2 billion, which have been reported under special items.

Financial expenses increased by DKK 0.3 billion as a result of higher interest rates and slightly increased debt.

We realised profit after tax of DKK 1.5 billion compared to DKK 2.2 billion in 2021/22. This was below expectations. We expect to return to normal profit levels in the coming year. Reference is made to Outlook on page 30.

Assets

Total assets decreased by DKK 0.3 billion, due partly to a DKK 0.3 billion decrease in working capital following our concerted efforts to reduce the amount of capital tied up in inventories and receivables.

We invested DKK 1.9 billion during the year mainly in property, plant and equipment and added lease assets of DKK 0.2 billion, making total investments of DKK 2.1 billion, which is DKK 0,5 billion more than depreciation and impairment for the year. The single largest investment was made in the UK as part of our strategic focus on bacon. We also invested more than DKK 0.8 billion in Denmark as well as a three-figure million sum in our facilities both in Poland and Germany.

Equity

Equity decreased by DKK 0.5 billion to DKK 7.7 billion during the year, due mainly to extraordinary pay-outs of a share of cooperative owner's accounts in December 2022 and ordinary pay-outs when farmers leave the cooperative. This pulled the solvency ratio down to 26.7%.

Liabilities

Net interest-bearing debt grew by DKK 0.5 billion to DKK 13.1 billion as a result of increased investments and pay-outs to owners.

Financial gearing climbed from 2.9 to 3.3, which is above our long-term target of 3.0. Gearing has decreased in the last months of the year and is expected to return to the long-term target level in the coming year.

Our financing structure is based predominantly on credit facilities with a life of more than one year. 70% of interest-bearing debt was non-current at the end of the year, down from 75%.

The share of interest-bearing debt maturing more than five years from the balance sheet date decreased from 17% to 14%. Fixed-rate loans accounted for around 18% of total loans, compared to 23% at the end of 2021/22.

We raised loans in the European corporate bond market during the year where the size of the interest margin over the life of the loan depends on performance against our annual commitments under the Science Based Targets initiative. We expect to see this more often for future loans.

Cash flows

Cash flow from operating activities improved significantly to DKK 3.4 billion, thanks to the reduction in working capital. Despite higher selling prices for our products, we managed to reduce the amount of capital tied up in inventories and receivables. We believe it may be possible to reduce working capital further, and something we will focus on in the coming year.

We invested DKK 1.9 billion in property, plant and equipment during the year and paid out DKK 1.9 billion to our farmer owners and to non-controlling interests in group companies. In total our net interest-bearing debt has increased by DKK 0.5 billion.

Outlook for 2023/24

As we project our financial performance for the upcoming year, we anticipate several key trends and strategies that will shape our journey going forward.

Market dynamics
The year 2023/24 is expected to see a continued decrease in slaughter animal production across Europe. While the pace of decline in slaughter pig production is anticipated to be moderate compared to 2022/23, the overall trend remains downward. These shifts in production may impact our supply chain and pricing strategies.

A certain level of inflation is expected to persist, albeit with a decreasing trend in most markets. This is likely to result in a more stable and less turbulent market environment compared to the past year. However, markets will continue to be fiercely competitive, with discerning customers and consumers placing significant emphasis on pricing, quality and sustainability considerations.

Financial outlook
Our commitment to the Feeding the Future strategy remains unwavering. We will focus on adding value to our products and delivering sustainable, high-quality food offerings. This approach aligns with evolving consumer preferences and market demands for environmentally responsible products.

Price increases initiated during 2022/23 are anticipated to persist in the new year. As a result, we expect our revenue to remain stable in the range of DKK 68-70 billion in 2023/24.

The business simplification and transformation initiatives announced in late 2022/23 will be executed in the coming year. These efforts are expected to yield significant cost savings, although some of the gains may be offset by ongoing inflation. However, we project an increase in EBIT, returning to earlier levels, within the range of DKK 2.5-3.0 billion.

We remain committed to reducing our net working capital, with a target of decreasing our average net working capital days by 1-2 days. This will positively impact our gearing ratio, and we anticipate getting back to be below our target of 3.0.

Non-financial outlook
Our commitment to sustainability as part of our strategy will remain as we continue work on achieving our Environmental, Social and Governance (ESG) goals. We have approved science-based targets within greenhouse gas reductions and we aim to reduce our emissions within scope 1, 2 and 3 to reach 16-20% for scope 1 and 2 and 8-10% for scope 3 compared to base-year (2019/2020). Furthermore, we aspire to reach a milestone by ensuring that 50-55% of soy used in our value chain is deforestation- and conversion-free.

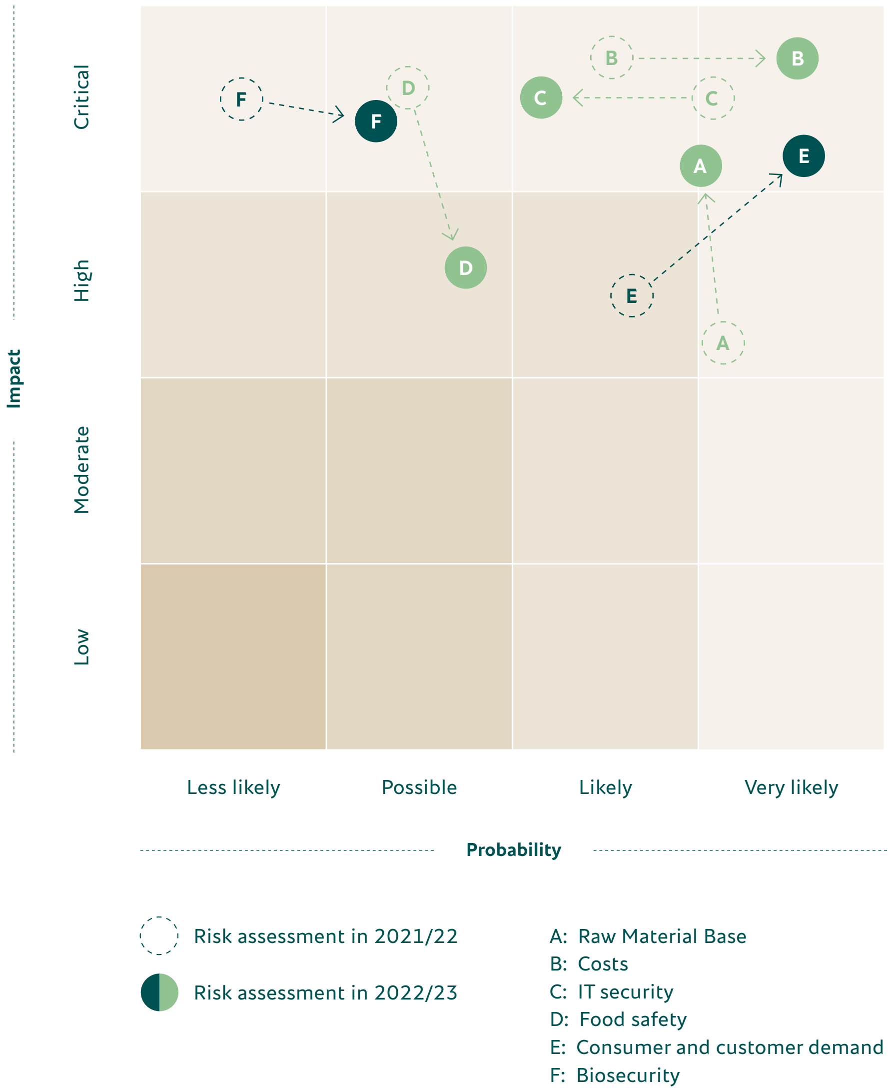
	Result 2022/23	Outlook 2023/24
Financials		
Revenue, DKKb	67.6	68-70
EBIT, DKKb	2.4	2.5-3.0
Net working capital days	41	39-40
Financial gearing, ratio	3.3	<3.0
Non-financials		
Scope 1 and 2 emission reductions from base-year, %	16	16-20
Scope 3 emission reductions from base-year, %	-*	8-10
Deforestation- and conversion-free soy in value chain, %	46	50-55

Forward-looking statements
Forward-looking statements are subject to risks and uncertainties that could cause the group's actual results to differ materially from those expressed in the forward-looking statements. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

* Our scope 3 emissions per output produced have decreased 8% in 2021/22 compared to base-year (2019/20).

Identifying and mitigating our key risks

At Danish Crown, enterprise risk management plays a crucial role in identifying and mitigating risks that could significantly impact the group. Our risk management process encompasses commercial, strategic and operational risks, with compliance and Environmental, Social and Governance (ESG) risks integrated into the business risks.



Risk management process and top management commitment
By adopting a bottom-up approach, we involve executive management, risk owners and relevant group functions to ensure a thorough risk identification process.

The Executive Management Team is responsible for overseeing the risk management process, driving risk awareness and establishing a risk-aware culture across the group.

Risk identification
Within each of our business units, the Executive Management Team identifies significant risks, assigns risk owners and formulates mitigating actions. Additionally, relevant group functions contribute by identifying key risks within their respective areas as well as risk owners and mitigating actions. The ESG and compliance risks are integrated into the business risks identified.

Consolidation and validation
Following the initial risk identification, the risks are consolidated based on their impact, likelihood and commonality. Mitigating actions and risk owners are also integrated into this consolidation phase. The Executive Management Team then approves the consolidated risks for final sign-off by the Board of Directors.

Implementation and review
Mitigating actions are implemented throughout the year, ensuring continuous risk mitigation efforts. Additionally, a central review of the risks and the progress of related mitigating actions takes place twice a year. This review allows us to assess the effectiveness of the risk management process and make necessary adjustments if required.

Operational risk

A Decreasing raw material base

Probability: Very likely Impact: **Critical**

Risk description and impact
As a cooperative, owned by Danish farmers, we are exposed to fluctuations in our owners' supply of livestock for slaughter. However, we are also exposed in other markets where we source livestock for slaughter. The increasing level of regulatory requirements and higher production costs in farming may impose greater financial pressure on our farmer owners, leading to a decrease in the number of pigs available and lower capacity utilisation in our abattoirs.

Risk mitigation
We are committed to rightsizing our slaughtering and deboning capacity to match the lower supply of pigs, and we constantly strive to improve efficiencies in our operations. We have also implemented revised payment rules to incentivise stability in the farmer owners' supply of pigs to optimise our planning operations.

B Increasing costs

Probability: Very likely Impact: **Critical**

Risk description and impact
Inflationary effects impact our cost of production directly through increased prices for energy, labour, transportation, packaging materials etc. In addition, the cost per unit or kilo may also be affected through the inflationary effect at farm level, leading to lower supply of animals. We are conscious of the increasing regulatory requirements and focus on sustainability and the impacts these requirements may have across our supply chain, including farming and manufacturing operations. A potential sustainability tax on agriculture, packaging and transportation may put further financial pressure on our supply chain and farmer owners.

Risk mitigation
Production excellence initiatives across all business units to increase effectiveness and reduce costs. Proactive procurement initiatives, including scale benefits, and active hedging strategies to reduce volatility. Effective price management aims to ensure sustainable margins. The financial effects of potential new taxation initiatives can be (partially) mitigated by a continued reduction of our greenhouse gas emissions.

C IT security breach

Probability: Possible Impact: **Critical**

Risk description and impact
We rely on well-functioning IT systems to support our operations. As a consequence, we are exposed to the threat of a cyber attack resulting in unauthorised access to or breakdown in our IT systems. This may have serious consequences for our entire supply chain operations and for the protection of confidential data, and may lead not only to a financial loss but also to a loss of reputation. The risk may increase over time given the evolving nature of cyber attacks.

Risk mitigation
We have a robust IT security control framework in place and an Information Security Board considering the level of threats. Mitigating measures include the implementation of our IT Security Roadmap and our implementation programme for the Network and Information Security 2 (NIS2) Directive. In case of a breach in IT security, the group has business continuity and disaster recovery plans in place.

D Food safety incident

Probability: Possible Impact: **High**

Risk description and impact
As a food company we are obliged to comply with all relevant food safety requirements. We are mindful that our leading market positions depend on our ability to maintain a very high level of food safety and quality in our production, thereby meeting our customers' and consumers' requirements for safe food products. Due to the inherent nature of our manufacturing operations, we are exposed to the risk of an accidental raw material or product contamination. A food safety incident or undetected food hazard may have a significant financial and reputational impact and invoke regulatory sanctions and penalties, including product recall and restrictions in operations.

Risk mitigation
Working to ensure high food safety is an integrated part of our daily operations. It is a focal point across our supply chain. We have robust food quality and safety processes and procedures in place throughout the supply chain conforming to all relevant standards and regulations. Our employees are dedicated to food quality and safety, controls and traceability, ensuring high food safety standards. We continuously monitor the effectiveness of our food safety programmes and procedures.

Commercial risk

E Changing consumer and customer demand

Probability: Very likely Impact: **Critical**

Risk description and impact
The economy in the markets where we operate may deteriorate, leading to consumers trading down to lower-tier products. Also, changes in food consumption patterns in some countries due to consumers' increased focus on sustainability, animal welfare and health may negatively affect consumer demand for meat and meat-based products. The regulatory changes and the increasing expectations from our key stakeholders – including banks, customers and consumers – drive the need for proactive change. In addition, we operate in highly competitive markets with a need for constant product innovation and focus on meeting emerging consumer trends.

Risk mitigation
We strongly believe that meat is a relevant source of protein. Our communication strategy supports our view that better meat and meat-based products are part of a healthy, sustainable and balanced diet. By securing strong consumer insights we ensure that our product offerings match consumer demands. Through innovation we can adapt to changes in consumer preferences and food consumption trends. In addition, we recognise the urgent need to address the effects of our operations on climate change and sustainability in general and strive to improve our production efficiency, reduce our greenhouse gas emissions, decrease reliance on soy feed on farms and create more sustainable packaging to foster sustainable growth.

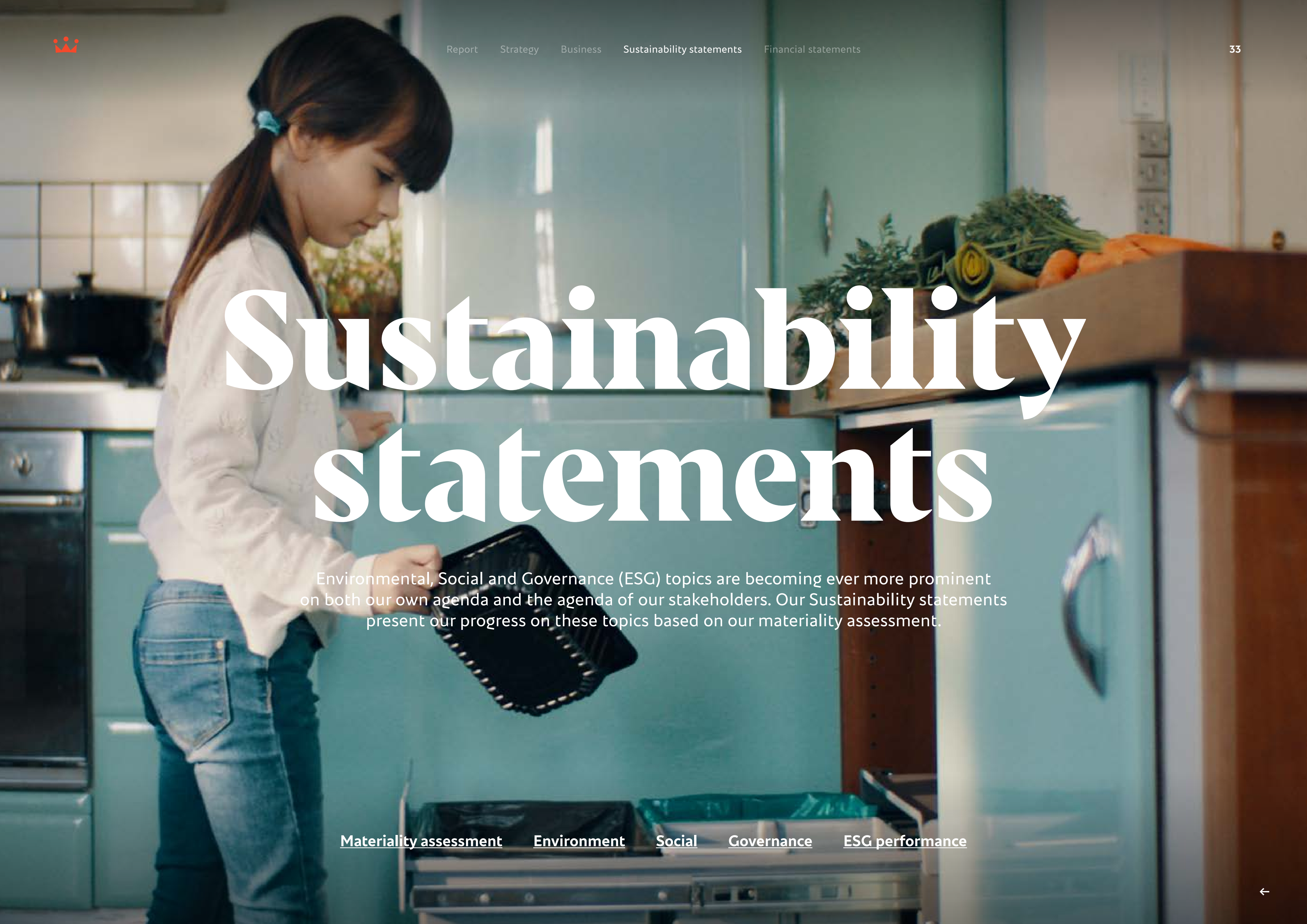
F Biosecurity incident

Probability: Possible Impact: **Critical**

Risk description and impact
As a global food company biosecurity is an inherent risk to our business. An incident of disease or infection in livestock may impact our supply chain, farming and manufacturing operations, resulting in financial losses. An outbreak of African Swine Fever (ASF) and Porcine Reproductive and Respiratory Syndrome Virus (PRRS) may affect the free movement of livestock and lead to restrictions on the export of products from the EU.

Risk mitigation
We have both preventive and remedial plans in place for the most significant biosecurity risks and have implemented relevant measures at our production facilities. We support and comply with all regulatory requirements.

Probability Less likely Possible Likely Very likely



Sustainability statements

Environmental, Social and Governance (ESG) topics are becoming ever more prominent on both our own agenda and the agenda of our stakeholders. Our Sustainability statements present our progress on these topics based on our materiality assessment.

Materiality assessment Environment Social Governance ESG performance

Working with our most material sustainability topics

Our work with sustainability is guided by our strategy and our materiality assessment. We carry out a materiality assessment to identify our most significant Environmental, Social and Governance (ESG) impacts, risks and opportunities. The process covers both our own operations and our value chain. We use the conclusions to prioritise our sustainability efforts and reporting.

Identifying and assessing our impacts, risks and opportunities
The process of identifying material impacts, risks and opportunities begins with our general business context, including our value chain, key stakeholders and the sustainability challenges facing the industry as a whole.

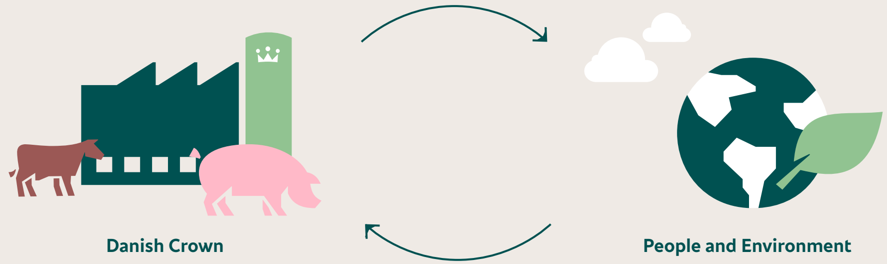
To help identify potential impacts, we analyse external stakeholder requirements and expectations using both in-house analysis and external sustainability frameworks and ratings such as Sedex, EcoVadis and SBTi. We also take account of existing and coming national and EU legislation, questionnaires and enquiries coming from customers worldwide and our ongoing dialogue with research institutions and universities, NGOs, trade associations, etc. To assess the materiality of the impacts identified, we estimate their severity and likelihood using a combination of data, subjective evaluations and proxies for materiality such as the attention a topic gets from key stakeholders.

Risks are identified and assessed primarily through our enterprise risk management process, in which ESG risks are integrated (see page 31). Opportunities are analysed partly on the basis of customer requirements and surveys as well as existing consumer research.

Our 2022/23 materiality assessment confirmed the topics identified in the previous year's assessment.

Materiality assessment going forward
We plan to strengthen our work on double materiality, looking at how our business impacts sustainability and how sustainability impacts our business. As standards for materiality assessment evolve, we will work towards applying the full framework for materiality assessment to ensure compliance with the EU Corporate Social Responsibility Directive.

Material topics according to our 2022/23 materiality assessment



Environment
Climate change and energy
Water
Waste and resource use
Animal welfare and biosecurity
Biodiversity

Social
Working conditions
Equal treatment and opportunities
Sourcing
Food safety
Product range and marketing

Governance
Business conduct
Anti-corruption
Public affairs

E S G

Reducing our environmental impact

We take a systematic approach to environmental challenges and are committed to taking action to protect the environment and combat climate change by reducing greenhouse gas emissions from both our own operations and our value chain.

Climate

We have set ambitious targets for reducing greenhouse gas emissions from both our own operations and our value chain (see page 16). A key part of achieving our climate ambitions is to increase our use of renewable energy sources and investigate green transport options, and in 2022/23 our scope 1 and 2 emissions decreased by 10% compared to 2021/22. As the greatest potential to reduce greenhouse gas emissions lies with farmers, we are also actively involved in a variety of development projects together with relevant partners aimed at finding ways of reducing emissions at farm level (see page 37), and in 2021/22 our scope 3 emissions per output produced decreased by 4% compared to 2020/21.

Another important element of our efforts to reduce our climate impact is to enable customers and consumers to make informed choices about sustainability by communicating our climate impact in a clear, consistent and data-driven way. We have developed a model for life cycle assessment (LCA). Part of the model has already been third-party verified. The rest of the model will be verified in 2023/24. The model enables us to calculate not only the carbon footprint per kg of meat, but also the carbon footprint of specific selected products using data from specific suppliers, abattoirs, processing facilities and transport companies.

Water

We strive constantly to identify new ways to minimise water consumption and reduce the organic matter in wastewater from our production and cleaning processes. In 2022/23, we invested in a new wastewater treatment plant at our production facility in Osie, Poland, which will result in a significant reduction in chemical oxygen demand (COD) for the site. We also implemented new processes and machinery to minimise water consumption when dehairing pigs at our production facility in Blans, Denmark, leading to a large decrease in water consumption per pig, and we are working on further reductions. Overall, we reduced our water consumption by 4% in 2022/23 compared to 2021/22.

Waste and resource use

Innovative and circular solutions to reduce waste are key, and we are constantly looking out for new opportunities. For example, we have changed the palletisation of "kupan salami", leading to a yearly saving of around 1,000 transport pallets and improving transport and logistics for both Danish Crown and our customers. Overall, we have increased the share of waste that is recovered from 25% in 2021/22 to 28% in 2022/23, moving us closer to our target of recovering 80% of our waste by 2029/30.

As a food company, we have a special focus on food waste. We take good care of our raw materials and engage in innovation and development activities to use as much as possible for edible products. If it is practically and economically viable to sell our by-products for human consumption, we ensure that our production process is organised in such a way that these parts of the animals are separated from the inedible parts and treated in a way that maintains product quality and food safety. A significant part of food waste occurs when our products have left production facilities, and we are looking at minimising food waste in our downstream value chain, for example in Poland, where selected Sokołów stores are working with Too Good To Go to prevent food waste.

Solar panels installed at selected facilities in Portugal and Poland.

Packaging
Rethinking packaging is an important part of minimising the environmental impact of our resource use. In 2022, we finalised a new packaging strategy with targets for reduction, recyclable materials, recycled content, certification and phasing out hard-to-recycle materials. In 2022/23, our packaging volume remained stable at 27 kg per tonne produced. An example of how we will work with this is our plan to introduce a new line for diced bacon at our production facility in Haarlem, the Netherlands, enabling a change from thermo foil trays to flow packs estimated to use 60% less plastic.

Climate Track
Climate Track is our sustainability programme for farmers supplying slaughter animals to Danish Crown. Farmers participating in the programme cooperate with us on our targets for scope 3 emissions and, depending on the country and animal type, support our ambitions for animal welfare, social responsibility and biodiversity.

The farmers share production and sustainability data with Danish Crown. In return, they receive individual data on their sustainability performance compared to a Danish Crown national average as well as input on key activity areas that can lower their greenhouse gas emissions. On this basis, they set their own emission reduction targets.

In 2022/23, we enrolled more Swedish and German pig farmers in Climate Track, and 85% and 15% of our contract suppliers of pigs in these markets are now enrolled. All of our Danish pig farmers and farmers supplying to the "Dansk Kalv" concept were already enrolled in Climate Track.

Animal welfare
We work not only with our farmer owners and other suppliers of slaughter animals but also with researchers and organisations in the agricultural sector to promote animal health and welfare. Care and respect for animals is crucial to ensuring that Danish Crown can produce high-quality food products. We are guided by our Animal Welfare Policy, and annually follow up on our progress in our Animal Welfare Position Statement and Welfare Outcome Measure Reporting, where, for example, we report on close confinement and transport time. In addition, animal welfare requirements are set out in our Codes of Practice (read more on page 39).

Biodiversity
Our work on biodiversity is still in its development phase and has two focus areas: encouraging the use of responsible soy and palm oil in our supply chain, and rolling out the biodiversity parameters of Climate Track to more farmers to strengthen our baseline for further development of our biodiversity work in the future.

We strengthened our targets for responsible sourcing in 2022/23 in view of the coming EU legislation on deforestation. Our new target is for all of the farmer owners and other suppliers of slaughter animals to use 100% responsibly produced soy and palm oil in feed from 2025. As cooperation is key to achieving responsible supply chains for soy and palm oil, we are participating in several stakeholder initiatives in this area in Denmark and Sweden, and are looking into joining the Dialogue Forum for More Sustainable Protein Feed in Germany.

In addition to the information presented above, you can read about our environmental activities and performance in the target and activity overview on pages 53-57 and on our website www.danishcrown.com.

Sustainability parameters in Climate Track

The figure shows examples of the parameters for which farmers in Climate Track collect data. Currently, the parameters for which a particular farmer collects data depend on their country and animal type.

Climate
- Production efficiency
- Feed composition
- Production of feed crops
- Livestock housing systems and technologies
- Slurry handling and biogas

Animal welfare
- Diseases and mortality
- Use of antibiotics

Biodiversity
- Share of nature area
- Type of nature area

Social responsibility
- Workplace assessments
- Employment contracts

Partnering for future climate solutions

Nitrification inhibitors

Together with partners, we have launched a pilot project to investigate the use of nitrification inhibitors in feed grain cultivation. Initial tests have already demonstrated that the inhibitors can reduce CO_2e emissions from pigs, and the goal of the project is to provide large-scale documentation of the effect. In 2022/23, 75 pig farmers with more than 20,000 hectares of land participated in tests as part of the project. Based on the results of these tests, the project will be evaluated and next steps planned.

Carbon sequestration in the field

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

Extracting grass protein

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

Methane capture

We are participating in a number of development projects to limit methane emissions from manure storage. In 2022/23, we began working with a partner on a project to conduct large-scale testing of flaring technology where methane gas from slurry tanks is collected and converted into CO_2, which has a significantly lower impact on the climate. Three farms have already been identified for further testing in 2024.

Green Fertilizer Denmark

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

E S G

Improving conditions for people in our value chain

We are committed to respecting human and labour rights throughout our value chain. Likewise, we want to contribute to good meals for consumers based on high quality, sustainability, food safety and animal welfare.

We respect human and labour rights in all our operations and activities and recognise our responsibility to avoid any kind of violation of human and labour rights in our value chain. We have incorporated the UN Guiding Principles on Business and Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization into our Code of Conduct, ESG Policy, Supplier Code of Conduct and Codes of Practice for livestock suppliers.

We work to identify actual and potential negative impacts on human and labour rights from our operations and to prevent or mitigate any adverse impact that is directly linked to our operations or business activities. Going forward, we will continue our efforts to ensure compliance with human and labour rights legislation by translating requirements into actions, developing systems and driving continuous improvements. Among other things, we will develop and implement a human and labour rights policy, establish thorough due diligence processes and continue our use of recognised tools such as Sedex and EcoVadis to assess risk and perform risk management. During 2022/23, we did not identify any breaches relating to human and labour rights through our established processes.

Creating good jobs

Our employees are our most valuable asset, and therefore we focus on training, equal opportunities, health and safety, attraction and retention, and diversity and inclusion. All with the ambition to provide good jobs. To follow our progress on this ambition we have conducted a satisfaction and engagement survey of our employees every two years since 2011. Steadily improving satisfaction scores confirm that our systematic efforts to provide an attractive workplace for all are on track.

Health and safety

Working in our industry can be physically demanding, and therefore we have a sharp focus on health and safety, particularly at our production facilities. In 2022/23, we had 31 lost-time accidents per 1,000 FTEs, which is a decrease of 29% compared to 2021/22 (described further on page 62). During 2022/23, we had a tragic incident that resulted in a work-related fatality. To prevent similar incidents in the future, we have initiated internal investigations and collaborated with all relevant stakeholders. We have revisited our Lock Out – Tag Out (LOTO) system implementation in our production facilities. The system is aimed at preventing machines from unexpectedly starting when performing maintenance and cleaning.

In general, our approach is that all accidents can be prevented by well-planned preventive efforts. To that end, we continuously optimise our health and safety processes, implement management systems, develop locally targeted programmes and improve accident registration. In 2022/23, for example, we conducted SWOT analyses at our pork and processing sites in Germany and the Netherlands to identify health and safety gaps and better target local challenges.

We also focus on reducing work related ill health, which can result, for example, from repetitive work and heavy lifting, as this entails a high risk of injuries and chronic problems such as musculoskeletal disorders. Specifically, we are investing in increasing automation, and in 2022/23 we started to work with psychomotor therapists at some of the Danish production facilities.

Equal treatment and opportunities

At Danish Crown, we believe in the power of people's different perspectives, backgrounds and experiences. As a global company employing over 25,000 people, it is crucial to have an inclusive work environment where every employee feels included, engaged and able to contribute to creating a more sustainable future for food.

25,000+ employees in 2022/23

We believe diverse and inclusive teams create a competitive advantage, demonstrated through better decision-making, enhanced well-being, increased innovation and higher performance. Diverse and inclusive teams also better reflect the composition of our customers and consumers. In 2022/23, we therefore initiated diversity training of our senior and executive managment.

In 2022/23, we continued to focus on achieving our 2030 gender diversity goals. Our board composition remained consistent with the previous year, as there were no elections for Leverandørselskabet Danish Crown AmbA's Board of Directors. In Danish Crown A/S the two female board members were reelected. After having carefully considered the need for continuity in the board seen together with the right composition of expertise and knowledge no further female candidates were elected. The percentage therefore remained at 20%. In our Executive Management Team the composition also remains unaltered. We have seen a reduced number of female representation in Executive Vice President and Vice President leadership roles due to organisational restructuring. We continue to acknowledge the importance of fostering a more diverse and inclusive environment within our organisation and we are committed to pursuing efforts and initiatives to meet our ambitions.

Danish Crown recognises its responsibility to attract young people to the food industry. Together with other Danish organisations, we have been running a special programme in recent years to stimulate interest among young people.

We also have the ambition to support our existing employees by systematically strengthening and improving skills and nurturing talent across the group. Besides specific job-related training, we are keen to provide opportunities for more general upskilling at both fundamental and more advanced levels. We have therefore mapped the skills of 1,000 Danish hourly-paid employees, more than 100 of whom received relevant training.

Responsible sourcing

We continue to work on more responsible sourcing practices and on greater integration of ESG considerations into our relations with suppliers.

Codes of Practice

We already have Codes of Practice in place for pigs, sows and cattle in Denmark and we plan to cover other livestock suppliers in Sweden, Poland and Germany as well in 2023/24.

Supplier Code of Conduct

Our Supplier Code of Conduct is aimed at non-livestock suppliers**. In the qualification process for our strategic sourcing programmes, new suppliers are required to accept either our Supplier Code of Conduct or an equivalent code.

For already established suppliers**, that are not yet covered by our Supplier Code of Conduct, we are in the process of rolling out the Code. In 2022/23, we had a total Supplier Code of Conduct acceptance of 80%, which is an increase compared to the previous year. Furthermore, if a supplier supplies products that are critical for food safety, they must complete a self-assessment questionnaire every three years. To secure the highest standards within food safety, we also conduct an annual supplier risk assessment of suppliers who potentially could impact food safety. The risk assessment is our leading indicator for selecting suppliers for audit in the following year.

Both the Codes of Practice and the Supplier Code of Conduct are based on relevant legislation and recognised international standards for the environment, animal welfare, food safety and human and labour rights, including the elimination of child and forced labour. Both codes display our commitment to the ILO conventions. To further increase transparency in our supply chain, in 2022/23 we started investigating programmes that can support us in categorising our suppliers based on ESG risk levels.

GENDER DIVERSITY ON BOARDS AND IN MANAGEMENT

Management level	Percentage of women, 30 September 2023	Gender diversity target 2030
Board of Directors Leverandørselskabet Danish Crown AmbA	0%	10%
Board of Directors Danish Crown A/S	20%	30%
Executive Management Team	0%	33%*
Executive Vice Presidents	0%	35%
Senior Vice Presidents	10%	35%
Vice Presidents	13%	35%

* Long-term goal.

** Excludes suppliers of Sokołów and DAT-Schaub.

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

Food safety
We strive to maintain high standards of food safety in our production and the products we deliver to customers and consumers. In 2022/23, we had 6 recalls. The foundation of our food safety work is the Hazard Analysis and Critical Control Point (HACCP) approach. The majority of our production facilities are also third-party-certified in relation to food safety.

We believe that food safety is about continuous training, working on the right culture and being open about potential hazards and errors to ensure that these are addressed effectively and without fear of consequences. To support this, in 2022/23 we launched a food safety and quality forum across Danish Crown to ensure knowledge sharing, opportunity identification and continuous improvements.

Product range
Together with our customers, consumers and other stakeholders, we want to move consumption and the market in a more sustainable direction. We are constantly working to identify and meet consumer trends and demands and to co-create new concepts in areas such as animal welfare and plant-based protein. Our range currently includes products with attributes that cater to consumer interests in six sustainability-related areas: climate, animal welfare, health, organic production, packaging and food waste.

Responsible marketing
As a major player in the food industry with a significant environmental footprint, our marketing and sustainability claims are subject to natural interest by external stakeholders. For example, our Climate Controlled Pig concept was criticised as being misleading and a lawsuit was filed against Danish Crown in 2021 alleging non-compliance with the Danish Marketing Practices Act. The concept was withdrawn from Danish stores in 2021. The case has not yet been concluded.

We strive to maintain high standards of food safety in our production and the products we deliver to customers and consumers.

It is important to us at Danish Crown that our claims are accurate, properly documented and comply with relevant legislation. To ensure this we have implemented an internal operating procedure for the approval of claims and conducted mandatory training sessions for relevant employees on marketing legislation, which will continue going forward.

In addition to the information presented above, you can read about our social activities and performance in the target and activity overview on pages 58-59 and on our website, www.danishcrown.com.

E S G

An active cooperative ownership

The purpose of Danish Crown is to add value for our current and future cooperative owners. Through a dual governance structure, we aim to ensure active ownership, capital for investments and stable supplies of livestock.

We operate in close cooperation with the more than 5,000 Danish farmers who own our group. Since we were founded in 1887, our business has built on the fundamental principles of the cooperative ownership, specifically that the interests of each individual farmer are best served by a jointly and efficiently run business.

Corporate governance principles

As a cooperative, Danish Crown is not under an obligation to comply with the recommendations on corporate governance that Danish listed companies must observe. We have nevertheless chosen to follow these recommendations with two exceptions:

- The company does not publish quarterly interim reports, only a half-year report, and does not disclose ownership shares.
- Cooperative owners wishing to vote at meetings of the Board of Representatives must attend in person or by written proxy.

Sustainability education

Many of the members of our Board of Directors and Executive Management have experience and expertise in overseeing sustainability matters from current or previous roles elsewhere and from their work with Danish Crown. To ensure that they have the latest knowledge in areas material to Danish Crown, we provide annual training in relevant Environmental, Social and Governance (ESG) matters. In 2022/23, 44% of board members participated, and in 2021/22 44%. Due to the importance of sustainability for Danish Crown, many of our employees are experts in different aspects of sustainability, including animal welfare, climate and food safety. The Executive Management therefore has direct access to specialist knowledge of the sustainability topics most relevant to Danish Crown.

Members of the Board of Representatives are also offered ESG-related training. In 2022/23, 83% participated in the training.

Dual governance structure

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

- The Board of Directors of Leverandørselskabet Danish Crown AmbA is responsible for owner-related activities.
- The Board of Directors of Danish Crown A/S is responsible for business-related activities.

Our cooperative ownership builds on three pillars which strengthen both the individual farmer and Danish Crown as a business.

Active ownership

Danish Crown exists for its current and future cooperative owners. These owners actively take responsibility for their jointly owned company. Their influence over the development of the business helps ensure broad support for strategic decisions.

Capital for investments

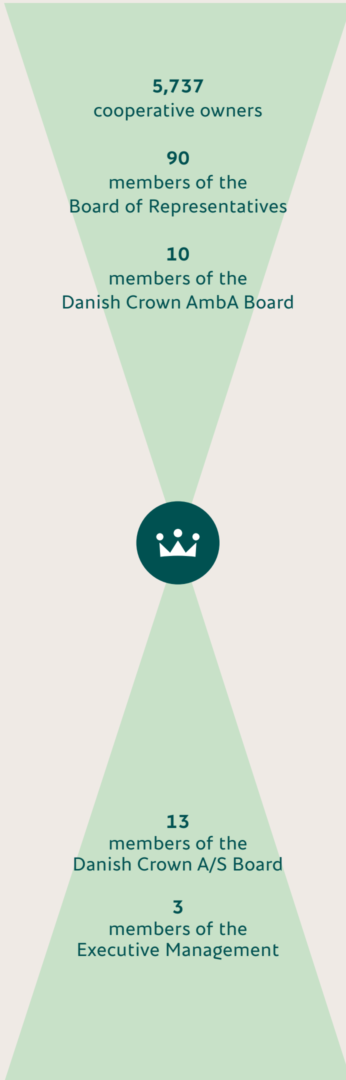
Our ownership structure strengthens the understanding that capital needs to be in place to invest in the future – both on farms and in the group.

Stable supplies

Owners of the cooperative have both a right and a duty to supply their slaughter animals to Danish Crown, which in turn undertakes to add value and reward the cooperative owners with simple, fair and competitive settlement prices.

Dual governance structure

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



Leverandørselskabet Danish Crown AmbA

AREAS OF RESPONSIBILITY / KEY SUSTAINABILITY ACTIVITIES

COOPERATIVE OWNERS

Cattle districts
Pig producer districts

Areas of responsibility

Leverandørselskabet Danish Crown AmbA is a cooperative owned by 5,737 Danish farmers. Local district meetings are held twice a year, and farmers exercise their ownership rights in the districts by electing members to the Board of Representatives every second year by the "one owner, one vote" principle.

Key sustainability activities

Members of the cooperative are an essential part of our value chain and impact our business activities in sustainability areas such as environment and animal welfare. They work with clear guidelines and high standards in these areas. For example, they are all covered by our Codes of Practice and the DANISH Product Standard. All cooperative owners are also part of our Climate Track programme, which means they share production and sustainability data with Danish Crown. Read more on page 36.

Pig farmers report on selected sustainability data as part of their standard quotation. If they fail to do so, they get a deduction in their payment. The data they provide play an important part in reporting on greenhouse gas emissions and animal welfare.

BOARD OF REPRESENTATIVES

Areas of responsibility

The Board of Representatives is the cooperative's supreme authority with 90 representatives elected by and from the farmers in the cooperative for a two-year period.

The Board of Representatives appoints members to the Board of Directors, and approves the annual distribution of profits based on a proposal from the Board of Directors.

Furthermore, the articles of association of AmbA are reviewed on a regular basis and changes are agreed when needed.

Quarterly meetings are held to inform about key developments in Danish Crown's strategy, operations and current status.

Key sustainability activities

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

Board of Representatives

Number of meetings	5
Participation rate	87%

BOARD OF DIRECTORS

Areas of responsibility

The cooperative's Board of Directors, whose members are elected for two years at a time, currently consists of ten members and one observer, all elected by and from the 90 members of the Board of Representatives. The Board of Directors is responsible for all matters related to the cooperative's owners, including procurement of livestock, and also handles matters related to capital, ownership and strategy. The Board of Directors elects the members of the Danish Crown A/S Board of Directors.

The Board of Directors has assigned tasks, but not decision-making power, to the Nomination, Compensation and Benefits Committee. This committee prepares an annual evaluation and recommendation for the Board of Directors and on the composition of Danish Crown's Boards of Directors' committees and boards, as well as their remuneration.

Chairman: Asger Krogsgaard

Key sustainability activities

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

Board of Directors

Number of meetings	10
Participation rate	98%

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

Nomination, Compensation and Benefits Committee

Number of meetings	2
Participation rate	100%

Danish Crown A/S

	AREAS OF RESPONSIBILITY	KEY SUSTAINABILITY ACTIVITIES

BOARD OF DIRECTORS

AREAS OF RESPONSIBILITY

The Board of Directors is responsible for overseeing the company's business operations, development, management and financial affairs. This includes ensuring that our business is conducted in accordance with laws and regulations. The Board of Directors elects a chairman and a vice chairman who do not participate in the day-to-day management of the company.

The Board of Directors currently consists of six cooperative owners elected by the general shareholders' meeting for one year at a time, three employee representatives elected for four years at a time, and four independent external members elected by the general shareholders' meeting for one year at a time who each contributes relevant high-level expertise and experience.

The Board of Directors has assigned tasks, but not decision-making power to two committees. The Audit Committee monitors the group's accounting and auditing matters and reports significant accounting practices and estimates to the Board of Directors prior to the approval of the annual report. The need for an internal audit function is reviewed regularly, but this is not considered necessary at present. The committee also oversees the enterprise risk management and the compliance process and activities, and reports to the Board of Directors on significant issues.

Chairman: Jesper V. Christensen

The Nomination and Remuneration Committee prepares a remuneration policy and remuneration recommendations for the Executive Management each year.

Chairman: Asger Krogsgaard

KEY SUSTAINABILITY ACTIVITIES

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

Board of Directors
Number of meetings 8
Participation rate. .95%

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

Nomination and Remuneration Committee
Number of meetings.......................... 5
Participation rate...........................92%

Audit Committee
Number of meetings.......................... 5
Participation rate...........................95%

EXECUTIVE MANAGEMENT

AREAS OF RESPONSIBILITY

The Executive Management is responsible for the day-to-day management of the company, ensuring that resources and capital are allocated in line with the cooperative's interests, purpose and vision. The Executive Management is responsible to the Board of Directors for defining and delivering on group strategies and targets.

All members of the Executive Management work closely with, but independently of, the Board of Directors, which has issued formal instructions setting out the Executive Management's duties and responsibilities.

KEY SUSTAINABILITY ACTIVITIES

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

Board of Directors and Executive Management

From left to right: Ulrik Bremholm, Palle Joest Andersen, Karsten Willumsen, Henrik Redmond, Tim Ørting Jørgensen, Camilla Sylvest, Knud Jørgen Lei, Jesper V. Christensen, Camilla Harder Hartvig, Michael Nielsen, Asger Krogsgaard, Jais Valeur, Thomas Kjær, Erik Bredholt (left the Board November 2023), Søren Brinck, Brian Vestergaard, Søren Bonde, Peter Fallesen Ravn, Jørgen Larsen, Thomas Ahle, Thomas L.W. Hansen.

Leverandørselskabet Danish Crown AmbA

Asger Krogsgaard (Chairman)
Søren Bonde
Knud Jørgen Lei
Karsten Willumsen
Thomas Kjær
Peter Fallesen Ravn
Palle Joest Andersen
Ulrik Bremholm
Michael Nielsen
Jonas Würtz Midtgård
Jørgen Larsen (Observer)

Danish Crown A/S

Asger Krogsgaard (Chairman)
Søren Bonde
Knud Jørgen Lei
Karsten Willumsen
Thomas Kjær

Independent members
Camilla Sylvest (Vice Chairman)
Jesper V. Christensen
Søren Brink
Camilla Harder Hartvig

Members elected by the employees
Brian Vestergaard
Thomas L. W. Hansen
Henrik Redmond

Read more

Further information about our Executive Management and Board of Directors is available at danishcrown.com/organization

Executive Management

Jais Valeur (b.1962)

Appointed 2015
Position Group CEO
External positions
Royal Unibrew A/S, Alm. Brand A/S

Thomas Ahle (b. 1971)

Appointed 2020
Position Group CFO

Tim Ørting Jørgensen (b. 1964)

Appointed 2022
Position Group EVP
External positions
Danish Meat industry, Danish Agriculture & Food Council, DLF Amba, Uhrenholt

Board of Directors

Asger Krogsgaard (b. 1966)

Cooperative owner
Profession Farm owner
Elected first time*
Leverandørselskabet Danish Crown AmbA 2003
Danish Crown A/S 2011
Other internal positions
Nomination, Compensation and Benefits Committee, Nomination and Remuneration Committee, Audit Committe
External positions
Danish Bacon & Meat Council of the Danish Agriculture
& Food Council, Association of Danish Abattoirs, Danish Agriculture & Food Council, Danish Pig Levy Fund, ICC Denmark
Education Farmer, agricultural economist

Camilla Sylvest (b. 1972)

Independent member
Profession EVP, Commercial Strategy & Corporate Affairs, Novo Nordisk A/S
Elected first time* 2017
Other internal positions
Nomination and Remuneration Committee
External positions
Argenx SE
Competences
More than 25 years' experience in sales and marketing in the international pharmaceutical industry, international management and strategy, sustainability and communication
Education MSc in Advanced Economics and Finance, Executive MBA

Peter Fallesen Ravn (b. 1968)

Cooperative owner
Profession Farm owner
Elected first time* 2008
Other internal positions
Friland A/S, Nomination, Compensation and Benefits Committee
External positions
Executive Board of Danish Agriculture & Food Council, Green Maskinstation A/S
Education Farmer, board training

Palle Joest Andersen (b. 1963)

Cooperative owner
Profession Farm owner
Elected first time* 2009
Other internal positions
Sundby-Wenbo Fonden
External positions
AKV AmbA, Pig industry board of the Danish Agriculture & Food Council
Education Farmer

Søren Bonde (b. 1962)

Cooperative owner
Profession Farm owner
Elected first time*
Leverandørselskabet Danish Crown AmbA 2013
Danish Crown A/S 2017
External positions
Nordfyns Biogas AmbA
Education Farmer, business courses, corporate governance and board training programme

Knud Jørgen Lei (b. 1967)

Cooperative owner
Profession Farm owner
Elected first time*
Leverandørselskabet Danish Crown AmbA 2013
Danish Crown A/S 2021
External positions Danish Pig Levy Fund
Education MSc in Engineering, farmer

Karsten Willumsen (b. 1974)

Cooperative owner
Profession Farm owner
Elected first time*
Leverandørselskabet Danish Crown AmbA 2013
Danish Crown A/S 2019
Internal positions
Nomination and Remuneration Committee, Audit Committee
External positions
Danish Cattle Levy Fund, Cattle of Danish Agriculture & Food Council
Education Farmer, Agricultural Leadership Diploma

Jesper V. Christensen (b. 1969)

Independent member
Profession EVP and CFO, Danfoss A/S
Elected first time* 2016
Other internal positions Audit Committee
External positions
Central Board of the Confederation of Danish Industry (DI)
Competences
Finance and accounting, management, ESG reporting, strategic planning, execution in a global business
Education MSc in Accounting and Finance

Ulrik Bremholm (b. 1967)

Cooperative owner
Profession Farm owner
Elected first time* 2017
Other internal positions
Nomination, Compensation and Benefits Committee
External positions
Pig, Danish Agriculture & Food Council
Education Farmer, agricultural economist in agricultural leadership

Michael Nielsen (b. 1964)

Cooperative owner
Profession Farm owner
Elected first time* 2017
External positions
Agro Support ApS, Veterinary Committee of the Danish Agriculture & Food Council, Danish Council of Animal Ethics
Education Farmer

Thomas Kjær (b. 1981)

Cooperative owner
Profession Farm owner
Elected first time*
Leverandørselskabet Danish Crown AmbA 2019
Danish Crown A/S 2021
External positions Danish Pig Abattoirs
Education Farmer, graduate in agro business BCom (Financial Advisor), board training

Camilla Harder Hartvig (b. 1969)

Independent member
Profession EVP, Global Chief Commercial Officer, Ascendis Pharma A/S
Elected first time* 2021
External positions
C WorldWide
Competences
More than 25 years' of experience from large multinational American, UK and Swiss companies within biotech/pharma
Education MSc in International Marketing and Management, board training programme

Søren Brinck (b. 1974)

Independent member
Profession CCO, EVP Group Commercial & Group Strategy, Carlsberg Group
Elected first time* 2023
Other internal positions
Nomination and Renumeration Committee
Competences
More than 20 years' experience in management and operating activity in fast moving consumer goods companies in Europe and Asia
Education MSc in Marketing

Brian Vestergaard (b. 1973)

Member elected by the employees
Profession Shop steward, Danish Crown Blans, Denmark
Elected first time* 2017
Other internal positions
Chairman, Danish Crown's Shop Steward Delegation
External positions
Member of the Southern Jutland section board of the Danish Food and Allied Workers' Union (NNF)
Education Trained butcher

Thomas L. W. Hansen (b. 1974)

Member elected by the employees
Profession
Shop steward, Danish Crown Rønne, Denmark
Elected first time* 2021
Other internal positions
Danish Crown's Shop Steward Delegation, member of group works council
Education Trained butcher

Henrik Redmond (b. 1960)

Member elected by the employees
Profession Shop steward, Danish Crown Vejle Nord, Denmark
Elected first time* 2013
External positions
Member of the Eastern Jutland section board of the Danish Food and Allied Workers' Union (NNF)
Education Commercial and clerical education, business course in occupational health and safety management
and management

Jørgen Larsen (b. 1954)

Cooperative owner
Profession Farm owner, auditor, estate agent
Elected first time* 2019
External positions
VikingDanmark
Education Farmer, graduate in agro business and landscape management, business courses in accounting and auditing

Jonas Würtz Midtgård (b. 1981)

Cooperative owner
Profession Farm owner
Elected first time* 2023
Other internal positions
Owner panel communication
External positions
Farm institute, Bygholm Landbrugsskole
Education Agricultural economist

* All board members are up for election in 2023 (excluding Søren Brinck and all employee-elected members, who are up for election in 2024 and 2025 respectively).

E S G

A culture of compliance

At Danish Crown, we aim to develop and promote a compliance culture by implementing and upholding high ethical standards and accountability across the group.

Our commitments guide our actions
Our company has recognised the importance of taking voluntary action to address key issues that affect our stakeholders and the wider community. Through careful consideration, we have identified several areas where we can make a positive impact.

We continue to establish, develop and promote a corporate culture of compliance by implementing relevant policies and standards for our business conduct that reflect our commitments and satisfy applicable legislation in our countries of operation (see the overview of our commitments on page 115).

Setting high standards for conduct in our value chain
We must act as good citizens in everything we do. Our employees and others working for Danish Crown are guided by our Code of Conduct.

The Code of Conduct provides employees and management with guiding principles and values supported by policies to meet our commitment to responsible business conduct. It emphasises the importance of ethical behaviour, as well as compliance with laws and regulations.

Promoting ethical behaviour is not just about our own conduct, but also about practices in our value chain. Therefore, our farmer owners and other suppliers of live animals are guided by Codes of Practice focusing on animal welfare, as well as on labour rights and food safety and quality.

For suppliers of other goods and services that are covered by our supplier qualification process, we have a Supplier Code of Conduct covering areas such as human and labour rights, the environment and anti-corruption (described further on page 39).

Management systems are key tools
To ensure strong compliance, enhance relevant operating standards and strengthen our performance, we emphasise the importance of management systems.

Management systems play a crucial role in promoting efficiency, reducing risks and achieving organisational goals at our production facilities. They provide a structured approach to identify, assess and control potential hazards and risks associated with operations. By implementing robust management systems, we strive to enhance operational performance, protect the environment, safeguard employee health and safety, and ensure the production of safe products (see certificate coverage of our production facilities on page 62). Many of our facilities have third-party verification of their management systems.

Fighting corruption for a brighter future
Corruption is a major obstacle to economic and social development. As a global company, Danish Crown is obliged to combat corruption and bribery.

We have established a comprehensive anti-corruption compliance programme to ensure effective mitigation of corruption and bribery risks. We regularly conduct thorough risk assessments to identify and assess corruption risks globally, enabling us to perform targeted compliance activities and controls to minimise the likelihood of corruption among our employees and business partners. Read more about our anti-corruption programme on our website, www.danishcrown.com.

Our Code of Conduct sets out our stance of zero tolerance of corruption and bribery, and is supported by an Anti-corruption Policy and standards in the following areas:

- Gifts, hospitality and travel expenses, including when to disclose cases where these are offered or received
- Facilitation payments and small bribes, including how to detect and disclose such cases
- Conflicts of interest, including guidance on identifying, avoiding and disclosing a potential or actual conflict with the interests of Danish Crown

Tax policy

Danish Crown Tax Policy is to act as a dedicated global corporate member of the community and ensure tax compliance based on commercially driven decisions made within the Danish Crown group.

We must ensure fulfilment of the tax obligations in the jurisdiction where we operate, balancing tax cost in a responsible way.

We have also implemented a disclosure management system to help our employees be transparent about conflicts of interest, gifts, hospitality, travel expenses and facilitation payments.

Furthermore, we use a third-party due diligence provider to screen for confirmed incidents of corruption or bribery. This is an essential process in our compliance programme which enables us to safeguard our integrity by evaluating the reputation, integrity and ethical practices of current and potential business partners. Based on our risk assessment, we conduct a thorough screening of business partners in high-risk areas to mitigate the risks of corruption, bribery and other illicit activities.

Tax compliance

Danish Crown's published tax policy sets out four key principles for structured, systematic and effective management of our tax matters. The principles are founded in Danish Crown's activities being driven by commercial decisions. The tax policy is approved and ultimately governed by the Board of Directors.

We regularly assess our processes and controls to ensure that we comply with national and international tax standards relevant to our business. Danish Crown does not operate in tax havens as defined by the OECD and the EU.

The Danish Crown Group Tax Policy is available on our website, www.danishcrown.com.

Cooperative

The Danish-based parent company, Leverandørselskabet Danish Crown AmbA, is a cooperative owned by Danish farmers and is therefore subject to Danish rules on the taxation of cooperatives.

Danish Crown's farmer owners pay income tax in Denmark. The taxation of the cooperative reflects the fact that most of the tax liability is met by its owners, and cooperatives in Denmark pay tax based on equity. Only a small share of annual earnings is retained in the cooperative.

Tax contribution

Our activities contribute both directly and indirectly to tax liabilities in the jurisdictions where the activities are carried out. Taxes borne are direct costs for Danish Crown. Taxes collected are managed and collected by Danish Crown on behalf of public authorities.

Taxes borne are equity tax, income tax, withholding tax, property tax, employer's contributions, customs duties and other local direct and indirect taxes payable by Danish Crown as a result of our business activities, and paid directly to the local tax authorities in the countries in which we operate.

Taxes collected include personal taxes on the wages and salaries paid to the approximately 25,000 employees we have around the world. They also include VAT, withholding taxes and other local taxes collected by Danish Crown from our customers and paid to the local tax authorities.

As Danish Crown's value-creating activities are primarily located in Denmark, the tax contribution is highest in this jurisdiction. We have a significant presence in other European countries, and a substantial part of our tax contribution is paid in these jurisdictions.

Data ethics and security
Danish Crown's values are to be reflected in the way in which we collect, process and use data, and we have established a Data Ethics Policy with applicable principles. The policy describes how data ethics are considered and employed in the use of data, as well as the design and implementation of technologies used for the processing of data in the group. Training in data ethics dilemmas is provided for employees working with data and IT.

Despite the fact that we have a policy and procedures in place, a data security breach occurred in 2022/23 at one of our suppliers providing digital services, resulting in the exposure of personal data for a large number of German consumers, caused by insufficient IT security measures on the part of the supplier. We immediately investigated the incident, informed the relevant data authority and took every step to prevent similar incidents in the future. Fortunately, no misuse of the breached data seems to have occurred. Danish Crown no longer purchases services from the supplier.

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

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

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

Danish Crown is a non-political company, but we place great emphasis on maintaining an open dialogue with all political parties and so actively participate in business associations and relevant interest organisations across the political spectrum. Our policies prohibit the use of corporate funds to contribute to candidates, parties, political expenditure or electioneering communications. Danish Crown is included in the EU Transparency Register.

All political and lobbying activities are overseen by Danish Crown's Board of Directors and comply with Danish and European legislation. No member of Danish Crown's management or supervisory bodies has been employed by any public body in the past two years.

Tax footprint

Denmark

Danish Crown's cooperative owners 5,737 cooperative owners	• Income tax* • VAT and duties* • Personal taxes*
Leverandørselskabet Danish Crown AmbA	• Equity tax
Danish Crown's Danish activities 8,000 employees	• Income tax • VAT and duties* • Personal taxes

Europe excl. Denmark

15,000 employees	• Income tax • VAT and duties* • Personal taxes

Rest of the world

2,000 employees	• Income tax • VAT and duties* • Personal taxes

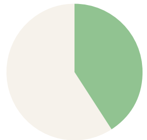
* The distribution is exclusive of VAT, duties and taxes from cooperative owners.

Geographical distribution

The geographical distribution for 2021/22 is illustrated below

54%
(2020/21: 55%)

41%
(2020/21: 43%)



5%
(2020/21: 2%)

Danish Crown's combined payment of taxes is divided into personal taxes 90% (2020/21: 88%) and income tax 10% (2020/21: 12%).

Whistleblowing
We encourage an open culture where everyone is free to raise concerns if they become aware of unlawful or unethical business conduct or violations of internal rules and policies. This includes bribery and corruption, food safety and quality issues, discrimination and other matters that may cause Danish Crown a financial loss, damage our reputation or have other negative impacts for our business, society and/or the people involved.

The Danish Crown whistleblower platform is a channel for anonymous reporting by employees and other stakeholders, including business partners, customers and suppliers, and is accessible from our website. We also have internal instruction videos showing how to file a report which are available throughout the group in nine languages, while the whistleblowing platform itself is available to employees and other stakeholders in 28 languages.

We are paying particular attention to further increasing internal awareness of the whistleblower platform, and we have stepped up our digital communication with employees with a special focus on the use of information screens at our production facilities.

The ongoing implementation of the EU Whistleblower Directive in member states is being followed closely. In addition to our group-level whistleblower committee, independent whistleblower committees and local whistleblower platforms have been set up at Danish Crown entities where required by national law, as is currently the case in Sweden and Portugal.

A standard procedure for handling whistleblower cases has been developed and implemented to ensure uniform and compliant case investigation according to the principles of non-retaliation, confidentiality and impartiality.

All members of a whistleblower committee are trained in the internal procedures with a particular focus on the legal requirements for the protection of the whistleblower.

We have defined internal performance indicators to monitor the timeliness of acknowledging receipt of a report and informing the whistleblower about the investigation and its outcome.

In 2022/23, 58 cases were reported in the Danish Crown whistleblower system, an increase of 176% on the previous financial year. Following investigations, 20 reports were found to be substantiated, and appropriate remedial actions were taken. These reports spanned 9 topics and 13 countries. The number and types of cases raised through the whistleblower platform are reported to the Audit Committee, the Board of Directors and senior management across the group.

No cases of corruption or bribery were reported to Danish Crown in 2022/23 through either our whistleblower platform or other channels. Nor was any legal action concerning corruption or bribery brought against the company during the reporting period.

Training and awareness
Training and awareness initiatives are crucial for fostering a culture of compliance, ensuring employee understanding of relevant policies, and mitigating risks within our organisation. By providing regular training and educational campaigns, we can enhance employee knowledge and awareness, promote ethical behaviour and address specific risks associated with their business activities. We conduct regular training and awareness campaigns for our employees in matters such as IT security, personal data protection, whistleblower procedures, anti-corruption and bribery.

As an example, all relevant employees must successfully complete an anti-corruption e-learning course as part of their onboarding and every two years thereafter. A total of 95% of relevant employees successfully completed our anti-corruption e-learning course in 2022/23. Our learning materials will be updated regularly based on the latest risk assessments and any corruption risks identified.

Employees working in high-risk areas are provided with additional training to ensure a comprehensive understanding of the potential risks associated with their business activities. These employees are identified through a risk assessment based on interviews and objective criteria (functional and country risks based on Corruption Perceptions Index scores).

In addition to training, employees can direct questions or concerns about corruption to Group Legal through a designated mailbox.

Remuneration

The remuneration of the Executive Management reflects our financial performance. Despite a relatively high quotation price paid to our owners by historical standards, we have lagged behind the European average since the beginning of the year. Clearly that is not satisfactory. The year's performance, with payments to our owners DKK 2.17 below our peer-group index, resulted in the Executive Management's cash-based long-term incentive programme ending up below threshold with no payout.

The remuneration of our Boards of Directors reflects the continued implementation and expansion of our Remuneration Policy.

In 2022/23, we included the Board of Representatives and the Danish Crown Beef Forum in the Remuneration Policy and adjusted their fees based on the multiple payment structure.

The following sections set out the key elements of the Remuneration Policy.

Remuneration Policy
The overall objective of the Remuneration Policy is to support the long-term interests and sustainability of Danish Crown. To attain this objective, the policy is designed to attract and retain suitably qualified members of the Boards of Directors and to attract, motivate and retain suitably qualified members of the Executive Management.

Remuneration of the Executive Management and the Boards of Directors should be competitive, but not market-leading, compared to remuneration at comparable Danish companies.

The policy for 2022/23 was approved by the Boards of Directors of Danish Crown A/S and Leverandørselskabet Danish Crown AmbA in August 2022.

The Executive Management
The remuneration of members of the Executive Management consists of a fixed base salary, a cash-based long-term incentive programme and other benefits.

The members of the Executive Management receive no remuneration for executive positions or directorships held in group companies.

The Boards of Directors
Each member of the Boards of Directors of Danish Crown A/S and Leverandørselskabet Danish Crown AmbA receives a fixed annual base fee. The Chairman and the Vice-Chairman receive a multiple thereof.

Members serving on the boards of subsidiaries, committees and panels receive an additional fixed annual fee.

However, the Chair of the Board of Directors of Leverandørselskabet Danish Crown AmbA receives no additional fees for sitting on board committees or subsidiary boards beyond fees for serving on the Boards of Directors of Danish Crown A/S and Leverandørselskabet Danish Crown AmbA.

Read the full report here

GO TO REPORT

E S G

ESG performance

The ESG performance section of our Sustainability statements presents our progress on the environmental, social and governance topics most relevant to Danish Crown according to our materiality assessment. Information is provided on key indicators, objectives, targets and activities for each of these topics.

ESG

Target and activity overview

Below is an overview of our policies, approach and ambitions in the different ESG areas we are working on, as well as the main activities conducted in 2022/23 and future activities planned to ensure progress in achieving our ambitions and targets.

→ On schedule ↑ Ahead of schedule ↓ Behind schedule

E

Climate change

Read more
in the sections below on energy, transport, and Climate Track and sustainability at farm level

Objective

Danish Crown is committed to taking action to combat climate change by reducing greenhouse gas emissions from both our own operations and our value chain.

Targets (updated)

2030, status →
Our targets have been validated and approved by the Science Based Targets initiative (SBTi):*

- 42% reduction in absolute scope 1 and 2 greenhouse gas emissions by 2029/30 from a 2019/20 base-year.
- 20% reduction in scope 3 greenhouse gas emissions per kg of output produced by 2029/30 from a 2019/20 base-year.**

2050, status →
Our vision is to be carbon neutral (net zero) by 2050.

Activities in 2022/23

- Achieved validation of our targets for emission reductions by the SBTi.
- Developed detailed emission reduction roadmaps for scope 1 and 2 by all business units and dashboards enabling more frequent follow-up on our targets. Read more about our roadmaps on our website.
- Launched new Carbon Insetting and Genetically Modified Organisms (GMO) policies.

Future activities

- Increase focus on investments to reduce our scope 1 and 2 emissions, incorporating emission reductions into our internal investment model, and specific budget allocations to these types of investment. (2023/24)
- Include reductions in scope 1, 2 and 3 emissions in our long-term incentive target, while also introducing a goal to increase the use of deforestation- and conversion-free soy in the feed for our slaughter animals. (2023/24)
- Implement emission reduction roadmaps for scope 1 and 2. (ongoing)
- Update emission reduction roadmaps to reflect latest science and technology, including cross-cutting initiatives and quarterly follow-ups with all business units to support a strong focus on meeting our targets. (ongoing)
- Update our SBTi targets in accordance with new guidance on target-setting for Forest, Land and Agriculture (FLAG). (2024/25)
- Investigate the benefits of a power purchase agreement (PPA) for green electricity. (2023/24)
- Support ongoing progress on research projects to develop the climate solutions of tomorrow in collaboration with relevant industry players such as other companies and universities. (ongoing)
- Improve emission data quality and underlying documentation. (ongoing)

Policies, commitments and programmes***

- ESG Policy
- Carbon Insetting Policy
- Deforestation and Land Conversion Policy
- Policy on Genetically Modified Organisms (GMO)
- Science Based Targets initiative (SBTi)

* These replace our previous target of reducing our greenhouse gas emissions from production and logistics by 50% per kg of meat by 2029/30 relative to 2004/05. Although the percentage reductions in the new SBTi-approved targets are lower, they refer to a much shorter period and come on top of the considerable reductions in emissions made before 2019/20.
** This target covers approximately 88% of Danish Crown's scope 3 emissions. For more information, please see page 16.
*** An overview of our policies and commitments related to sustainability is listed on page 115. Our programmes are available on our website, www.danishcrown.com.

E Energy

Objective

Supporting our climate change objective and targets.

Activities in 2022/23

- Increased focus on the use of green electricity, including investment in solar panels at some of our DAT-Schaub and Sokołów facilities in Portugal and Poland.
- Concluded a strategic agreement with a biogas company where Danish Crown sells its biomass in return for access to significant amounts of green energy for our Danish production facilities. The agreement includes an option to receive biomass for biogas, biofuels, food-grade CO_2, origin guarantees, etc.
- Streamlined the production of cooked bacon at our facility in Haarlem, the Netherlands, partly by optimising oven use. In total Haarlem has managed to cut natrural gas consumption by 24% compared to 2021/22 corresponding to a reduction of more than 900 tonnes of CO_2e.
- Initiated a project to improve heat recovery by using flue gases from gas boilers to produce hot water at our production facility in Blans, Denmark.

Future activities

- Conduct environmental impact assessment for the erection of a wind turbine at one of our facilities. (2023/24)
- Invest in a greener energy mix. For example:
  - Invest in more solar panels at our Sokołów and DAT-Schaub facilities.
  - Replace steam and gas boilers with heat pumps at our production facility in Haarlem, the Netherlands.
- Reduce energy consumption. For example, by participating in a project investigating whether sausages and other food products can be cooked using ohmic heating, an electrical process which uses significantly less energy than today's steam boiling. (ongoing)

E Transport

Objective

Supporting our climate change objective and targets.

Activities in 2022/23

- Concluded a multi-year agreement with a key logistics provider which includes an increased commitment to transitioning to carbon-neutral transport. This resulted in immediate deployment of six electric trucks.
- Partnered with three large Danish companies to develop a climate-neutral (net zero) transport corridor for food from Denmark to the UK by 2030.
- Enhanced greener transportation. For example, our Swedish business, KLS, has worked further on route optimisation, and electric trucks have come into operation on some routes.

Future activities

- Reduce emissions from transportation, including improved tracking of scope 3 emissions from logistics. (ongoing)

E

Waste and resource use

Objective

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

Food loss and waste
We aim to put every part of the animal and our other raw materials to good use at our production facilities.

Targets

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

Waste recovery, status →
We aim to recover 80% of our waste by 2029/30.

Activities in 2022/23

- Reduced waste and resource use. In Sweden, for example, we have changed the palletisation of "kupan salami", leading to an annual saving of around 1,000 transport pallets. This has also improved transport and logistics for both Danish Crown and our customers, thereby reducing greenhouse gas emissions.
- Continued focus on minimising food losses in our production. For example, our production facility in Haarlem, the Netherlands, sells uneven bacon slices to Swedish and Danish food service customers at a reduced price. This year, this initiative has been supplemented by sales of uneven chilled bacon slices for the Swedish retail market.
- Continued cooperation between selected Sokołów stores in Poland and Too Good To Go to prevent food waste.

Future activities

- Work with our Danish waste management company on ways to reduce waste and/or increase recycling. (ongoing)
- Improve data quality and detail level to make informed decisions about how to improve our waste management and meet future regulatory requirements. (ongoing)
- Reduce food waste at consumer level, for example with "best before" and "often good after" labelling for all new packaging for relevant products in Denmark, taking into consideration any potential health risks. (ongoing)

Policies, commitments and programmes

- ESG Policy
- Danmark mod Madspild (Denmark against Food Waste)
- Danish Code of Conduct on the Use of By-products

E

Water

Objective

We will work to identify new ways to minimise water consumption and reduce the organic matter in wastewater from our production.

Targets

Water consumption, status ↓
We aim to reduce water consumption at our production facilities in Denmark, Poland, Sweden, Germany and the Netherlands by 40% per tonne produced by 2029/30 relative to 2019/20.

Wastewater, status ↓
We aim to reduce the amount of organic matter in wastewater from our production facilities in Denmark, Poland, Sweden, Germany and the Netherlands by 30% per tonne produced by 2029/30 relative to 2019/20.

Activities in 2022/23

- Installed a new wastewater treatment plant at our production facility in Osie, Poland, which will result in a significant reduction in chemical oxygen demand (COD) for the site.
- Increased automation of the cleaning process at our production facility in Dalsjöfors, Sweden, which is expected to reduce the use of water and chemicals and hours spent on cleaning.
- Implemented new processes and machinery to minimise water consumption when dehairing pigs at our production facility in Blans, Denmark. Similar upgrades have already been made in Essen, Germany, and are expected to be implemented at other relevant facilities.
- Improved our pilot water-recycling facility at our abattoir in Horsens, Denmark, to get the facility into full operation.
- Included water consumption effects as a consideration, when investing in new equipment. For example, when replacing a belt press at our production facility in Koło, Poland, a new press was chosen which does not use water, leading to reductions in both water consumption and running costs.

Future activities

- Identify the best ways to reduce our water consumption based on experience from existing and pilot projects as well as data collection, and create roadmaps to drive reductions. (ongoing)

E

Packaging

Objective

We are committed to delivering outstanding and sustainable food packaging solutions that elevate food safety, prevent food waste and reduce our carbon footprint through innovation and use of the best technology available at any time.

Targets

Packaging volume, status ↓
We aim to reduce our packaging volume by 15% per tonne produced by 2024/25 relative to 2020/21 and 30% by 2029/30.

Packaging recyclability*, status ↓
We aim to ensure that 90% of our packaging materials are recyclable by 2024/25 and 100% by 2029/30.

Recycled content, status →
We aim to ensure that 40% of our plastic packaging materials are made from post-consumer recycled content in 2024/25 and 60% by 2029/30.

Certification, status →
We aim to use 100% certified fibre packaging by 2024/25.

Activities in 2022/23

- Developed first version of packaging design guidelines and activity pipeline to be used in future packaging development. The guidelines are aligned with our packaging strategy and include recommendations to reduce the weight of packaging and where possible avoid content that can be a barrier to recycling.
- Purchased a life cycle assessment (LCA) tool for packaging.
- Improved data on packaging materials to support strategy implementation.

Future activities

- Introduce new line for diced bacon at our production facility in Haarlem, the Netherlands, that will enable a change from thermo foil trays to flow packs, which are estimated to use 60% less plastic. (2023/24)
- Update packaging design guidelines when relevant and implement activities from pipeline. (ongoing)
- Implement and initiate use of new LCA tool. (2023/24)
- Improve our packaging data set-up. (ongoing)
- Implement packaging strategy and supporting initiatives, including supplier relationship management programmes with key packaging suppliers. (ongoing)

Policies, commitments and programmes

- ESG Policy

E

Climate Track and sustainability at farm level

Objective

Our sustainability programme for farmers, Climate Track, supports our aim to partner with our farmers to achieve our target for scope 3 emissions and, depending on the country and animal type, support our objectives for animal welfare, responsible sourcing and biodiversity.

Activities in 2022/23

- Enrolled more Swedish pig farmers in the Climate Track programme.
- Enrolled first group of German pig farmers in the Climate Track programme.
- Developed farm level roadmaps to meet scope 3 emission reduction targets for Danish cattle. We already have a roadmap for Danish pigs.
- Developed a Sustainable Agriculture Programme formalising our efforts to support and promote more sustainable agriculture.
- Implemented a premium of DKK 0.1 per kg for those of our cooperative pig owners who report their use of feed, piglet mortality and daily gain.

Future activities

- Enrol more farmers in the Climate Track programme. Our goal is for 100% of our cooperative owners and contract suppliers of slaughter animals in Denmark, Sweden, Poland and Germany to be on board by 2025. In 2023/24, we will start enrolling Danish and Swedish dairy cattle farmers, and test and adapt Climate Track for young bulls in Sweden and Polish pigs. (ongoing)
- Develop farm level roadmaps to meet scope 3 emission reduction targets for each of our remaining main production systems and countries, and implement the roadmaps that are already developed. (ongoing)

Policies, commitments and programmes

- Sustainable Agriculture Programme

* Reducing hard-to-recycle materials is no longer a separate target, as it is covered by our efforts to increase recyclability.

E Animal welfare

Objective*

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

Activities in 2022/23

- Developed Codes of Practice for Danish cattle suppliers and Swedish lamb suppliers. The Swedish code of practice will be implemented during 2023/24. We already have a Code of Practice covering sows and pigs in Denmark.
- Launched new Robust Calf concept in Sweden. The concept has been developed in cooperation with veterinarians with the aim of improving bull calf health.
- Initiated Danish pilot project to increase the number of uncastrated male pigs, which can improve animal welfare and reduce greenhouse gas emissions due to better feed conversion.

Future activities

- Finalise Codes of Practice for the remaining relevant animal types in Sweden, Germany and Poland. (2023/24)
- Continue pilot project on uncastrated male pigs. (2023/24 →)
- Strengthen our data and increase knowledge on animal welfare both in our own operations and in our supply chain. This includes improving and increasing automation of internal abattoir data collection and work to increase transparency regarding externally sourced meat. (ongoing)

Policies, commitments and programmes

- ESG Policy
- Animal Welfare Policy
- Sustainable Agriculture Programme
- Codes of Practice for suppliers of sows and pigs (Denmark) and cattle (Denmark)

E Biodiversity

Objective

We want to work with our suppliers of slaughter animals to support modern agricultural production going hand in hand with nature by growing and producing more efficiently in areas where this is sustainable while releasing marginal land back to nature.

Activities in 2022/23

- Developed a scheme offering bespoke nature conservation plans for individual farms.

Future activities

- Develop product offerings for customers related to the scheme on bespoke nature conservation plans for individual farms. (2023/24)
- Roll out the biodiversity parameters of Climate Track to more farmers to strengthen our baseline to develop our biodiversity work in the future. We expect the baseline for Denmark to be finalised in 2023/24 and will use it to develop new biodiversity initiatives. (ongoing)

Policies, commitments and programmes

- Deforestation and Land Conversion Policy
- Sustainable Agriculture Programme
- Programme to prevent deforestation and land conversion

E Responsible soy and palm oil

Objective

We aim to drive out all deforestation and land conversion (legal and illegal) linked to soy and palm oil production from our supply chains.

Targets, new (est. in 2022/23)

We aim for all our cooperative owners and other suppliers of slaughter animals to use 100% responsibly produced soy and palm oil in feed from 2025.**

Activities in 2022/23

- Launched new Deforestation and Land Conversion Policy.
- Developed a programme to prevent deforestation and land conversion.
- Participated in Scaling Up Sustainable Soy Partnership together with other members of the Danish Soy Alliance and World Wide Fund for Nature (WWF) on a project to reduce deforestation in the Cerrado region of Brazil.
- Reached milestone of 40% use of deforestation- and conversion-free soy in feed for Danish pigs as part of the DANISH Product Standard scheme. All Danish pig farmers supplying pigs to Danish Crown are part of this scheme.

Future activities

- Achieve a deforestation-free supply chain by 2025 in line with the EU Deforestation Regulation (EUDR). This includes assessing measures and tools that can be used to ensure suppliers comply with the regulation. (→2024/25)
- Join Dialogue Forum for More Sustainable Protein Feed – a German multi-stakeholder platform working to address issues related to soy production and promoting local protein sources. (2023/24)

Policies, commitments and programmes

- Deforestation and Land Conversion Policy
- Programme to prevent deforestation and land conversion
- Roundtable on Sustainable Palm Oil
- Round Table on Responsible Soy
- Danish Alliance for Responsible Palm Oil
- Danish Alliance for Responsible Soy
- UK Soy Manifesto
- Swedish Platform on Risk Commodities

* We previously had the target to be ranked as Tier 2 in the 2023 BBFAW Report. Going forward, we aim to develop a new target focusing on animal welfare issues specifically related to our line of business. Currently, Danish Crown is ranked as Tier 3 based on the 2022 assessment, and a new score will be published in 2024.

** In view of coming EU deforestation legislation and inflationary pressures, we have decided to replace our previous targets, which were specific to Denmark and Germany, with this new target covering the entire Danish Crown group.

S Equal treatment and opportunities

Objective

Diversity and inclusion
We believe in the power of people's different perspectives, backgrounds and experiences. As a global company, we must have an inclusive working environment where every employee feels included, engaged and able to contribute to creating a more sustainable future for food. Creating equal opportunities for all is important to us, and we will strive to integrate vulnerable groups such as refugees, war veterans and the long-term unemployed into our workforce.

Employee retention and attraction
We strive to create a good workplace that enables us both to attract and retain employees so that we can maintain a stable level of employee turnover.

Targets*

Diversity, status ↓
We aim to increase the percentage of women in senior leadership positions to 35% by 2029/30.*

Activities in 2022/23

- Trained senior and executive management on equal treatment and opportunities.
- Updated our Diversity and Inclusion Policy.
- Conducted an analysis of employee turnover in Denmark focusing on the underlying reasons for employees leaving. The results were used to develop a set of tools for reducing employee turnover at our production sites (e.g., a mentorship programme for new employees).
- Mapped the skills of more than 1,000 hourly paid employees in Denmark, resulting in more than 100 having received relevant training.

Future activities

- Roll out of inclusive leadership training. (ongoing)
- Gather insights into employees' perspectives on inclusion. (2023/24)
- Initiate review of internal HR recruitment and promotion processes in relation to diversity. (2023/24)
- Expand and adapt employee turnover analysis and tools to cover other relevant countries of operation. (ongoing)
- Upgrade hourly paid employees in Denmark. (ongoing)
- Improve collection and transparency of employee data across the group, including diversity and inclusion data. (ongoing)

Policies, commitments and programmes

- ESG Policy
- Diversity and Inclusion Policy
- Code of Conduct

4 QUALITY EDUCATION

5 GENDER EQUALITY

S Working conditions

Objective

We want to promote a safe and healthy workplace where prevention and proactivity are at the forefront.

Targets**

Accidents, status ↓
We aim to reduce the annual frequency of lost-time accidents at our European production facilities to 20 per 1,000 FTEs by 2024/25. Facilities which reach the goal ahead of schedule must achieve a further 20% reduction by 2024/25.

Noise exposure, status ↓
We aim to limit the maximum daily noise exposure for all our production employees to 82 dB(A) by 2029/30.

Activities in 2022/23

- Strengthened systematic registration and work on health and safety across production facilities in our Danish Crown business unit.
- Completed a SWOT analysis in Germany and the Netherlands at our pork and processing facilities to identify health and safety gaps.
- Identified improvement potential and possibilities for noise reduction at our Danish production facilities in our Danish Crown business unit.
- Introduced a Lock Out – Tag Out (LOTO) procedure at our pork abattoirs and processing facilities in Germany and the Netherlands. The procedure had already been introduced at our facilities in Denmark, and relevant employees received training with the aim of increasing safety when working with hazardous equipment.
- Started working with psychomotor therapists at some Danish production facilities to reduce the physical burden on employees.

Future activities

- Roll out SafetyNet in Sweden to improve reporting and mitigation of accidents. (2023/24)
- Investigate noise reduction solutions. (ongoing)
- Investigate psychomotor therapy and other feasible solutions to reduce musculoskeletal disorders. (ongoing)
- Roll out SWOT analysis at more production facilities in the Danish Crown business unit to identify health and safety gaps. (ongoing)

Policies, commitments and programmes

- ESG Policy
- Code of Conduct

8 DECENT WORK AND ECONOMIC GROWTH

* We previously had a target to increase the global intake of apprentices in production and technical divisions by 20% by 2025 relative to 2018. However, it is getting increasingly difficult to find new apprentices, and we have chosen to focus on improving the quality of our apprentice training and on ensuring that there is a good match between Danish Crown and the apprentices we take on.

** We previously had a target to reduce physical strain for the 10% most demanding production jobs in terms of musculoskeletal disorders by 2024/25. We have instead chosen to work on a target covering work-related ill health more generally.

S

Sustainability and product range

Objective

Danish Crown is committed to moving food consumption and the market in a more sustainable direction through close collaboration with our customers and consumers. Our efforts include monitoring expectations as well as the challenges our consumers face when making sustainable food choices.

Our claims need to be accurate, properly documented and comply with relevant legislation.

Activities in 2022/23

- Developed products with a sustainability profile (e.g., healthy and organic products, products that meet high animal welfare standards and plant-based alternatives to meat). Moreover, we have convenience meals that are branded with a nutrition label.
- Conducted mandatory training in marketing legislation and green claims for relevant employees.
- Became a member of the Danish Healthy Food Council.

Future activities

- Analyse consumers' views on sustainability in our various markets. (ongoing)
- Train relevant employees in marketing legislation and green claims. (ongoing)
- Finalise and implement responsible marketing policy, including a commitment related to health. (2023/24)

Policies, commitments and programmes

- ESG Policy
- Danish Healthy Food Council

S

Responsible sourcing

Objectives

We want to integrate environmental, social and ethical considerations into our relations with suppliers. As part of this, we aim to continuously increase the coverage of our Supplier Code of Conduct.

Activities in 2022/23

- Increased the number of non-meat suppliers adhering to our Supplier Code of Conduct.
- Expanded our supplier questionnaire to cover all non-meat categories. The primary focus of the questionnaire is food safety.

Future activities

- Develop a human and labour rights policy. (2023/24)
- Integrate supplier ESG data (e.g., commitment to Sedex, Amfori, EcoVadis, SBTi and/or CDP) into our supplier master data. (ongoing)
- Increase acceptance of our Supplier Code of Conduct. (ongoing)
- Enhance work with our Sedex and EcoVadis assessments. (ongoing)

Policies, commitments and programmes

- Supplier Code of Conduct
- Codes of Practice for suppliers of sows and pigs (Denmark) and cattle (Denmark).

G

Anti-corruption

Objectives

We aim to fight corruption, bribery and other unethical business practices, and continuously improve and develop our processes for doing so.

Activities in 2022/23

- Updated our Anti-Corruption Compliance Policy and related standards with the emphasis on simplifying the standards. A new standard on conflicts of interest was added.
- Strengthened our anti-corruption compliance programme. This included updating our e-learning and ensuring it is pushed out to relevant employees.
- Expanded the scope of our risk assessments. The assessments are now more detailed and country specific.
- Initiated the development of country-specific initiatives for high-risk countries based on risk assessments. For example, training, standards or policies adapted to the circumstances of each country.

Future activities

- Further develop country-specific tools for high-risk countries. (ongoing)
- Develop anti-corruption compliance programme and strengthen our compliance culture. (ongoing)

Policies, commitments and programme

- ESG Policy
- Code of Conduct
- Anti-Corruption Compliance Policy

Indicator overview

General indicators	Unit	2022/23	2021/22	2020/21	2019/20	Development
Slaughtered animals	‘000 animals	16,706	19,867	19,793	18,883	The volume of slaughtered animals decreased, as did produced output in terms of fresh and processed meat. These reductions affect a number of our environmental indicators.
Pigs	‘000 slaughtered pigs	15,635	18,734	18,680	17,761	
Sows	‘000 slaughtered sows	252	303	264	226	
Cattle	‘000 slaughtered cattle	762	771	793	836	
Lamb	‘000 slaughtered lamb	57	59	56	60	
Of which organic, free-range and/or raised without antibiotics	‘000 animals	1,036	1,008	840	846	
Locations						
Countries of operation	Number of countries	27	26	-	-	
Facilities in Europe	Number of facilities	135	130	-	-	
Facilities outside Europe	Number of facilities	46	34	-	-	

E Environment

	Unit	2022/23	2021/22	2020/21	2019/20	Development
Energy						
Energy consumption	‘000 MWh	1,282	1,298	1,259	1,248	Total energy consumption decreased slightly, but as production volume decreased at a higher rate, energy consumption per tonnes produced increased, as part of our energy consumption is independent of production e.g., consumption of electricity and hot water for cleaning.
Energy consumption per output	kWh per tonne produced	503	453	446	459	
Green electricity	%	8.8	8.7	7.9	-	Consumption of renewable electricity increased slightly both in terms of externally purchased and onsite generation.
Emissions						
Scope 1 CO_2e emissions	‘000 tonnes CO_2e	157	161	170	172	Consumption of natural gas decreased, but the reduction was partly offset by increased consumption of gas oil and diesel. As a result, our scope 1 emissions decreased by 2.5%.
Scope 2 CO_2e emissions (market-based)	‘000 tonnes CO_2e	184	218	175	236	Scope 2 emissions declined by 16% during 2022/23, mainly driven by a greener energy mix in Poland.
Scope 2 CO_2e emissions (location-based)	‘000 tonnes CO_2e	162	166	165	186	Location-based scope 2 emissions declined slightly, mainly driven by the ongoing transition of the electricity sector in Denmark and Poland.
Scope 3 CO_2e emissions	‘000 tonnes CO_2e	-	11,789	12,120	12,178	Scope 3 emissions declined for all major categories: farm level emissions, sourced meat and non-meat procurement.
Total emissions (market-based)	‘000 tonnes CO_2e	-	12,168	12,465	12,586	The changes in total emissions, emissions intensity and progress towards our SBTi targets reflect the developments described above. Following an increase in scope 2 emissions in 2021/22, the combined scope 1 and 2 emssions decreased in 2022/23. Compared to our 2019/20 baseline absolutte scope 1 and 2 emissions have decreased by 16% and scope 3 emissions per output have decreased by 8%.
Emission intensity (scope 1, 2 and 3)	kg CO_2e per kg output produced	-	4.25	4.42	4.63	
Emission intensity (scope 3)	kg CO_2e per kg output produced	-	4.11	4.30	4.48	
SBTi emission reduction target (scope 1 and 2)	% reduction from base-year (2019/20)	-16	-7	-15	-	
SBTi emission reduction target (scope 3)	% reduction per output produced from base-year (2019/20)	-	-8	-4	-	

E Environment	Unit	2022/23	2021/22	2020/21	2019/20	Development
Water						
Water consumption	1,000 m³	10,108	10,574	10,604	10,238	Water consumption has remained stable in recent years, with a decrease of 4% this year, but as production volume decreased at a higher rate, water consumption per tonnes produced increased.
Water consumption per output	m³ per tonne produced	4.0	3.7	3.8	3.8	
COD in wastewater	kg per tonne produced	7.5	6.6	6.5	7.0	Chemical oxygen demand (COD) relative to production volume increased, partly due to improved measurements and a reduction in production volume, which did not result in a corresponding decrease in COD.
Waste						
Total waste	tonnes	28,342	30,780	31,802	-	We have made progress in our waste indicators, which reflects our continuous efforts to enhance our waste management practices. Moreover, the quantity of waste suitable for incineration may have been affected by our transition towards CSRD-aligned waste data points, see page 65 for more information.
Waste suitable for incineration	tonnes	14,107	18,157	14,845	-	
Waste directed to recovery	%	28	25	25	-	
Packaging						
Packaging volume	kg per tonne produced	27	27	27	-	Our packaging indicators remained on a similar level as in 2021/22, but the share of plastic packaging sourced from post-consumer recycled materials increased.
Recyclable packaging materials	%	83	84	86	-	
Recycled content (plastic)	%	21	14	11	-	
Certified fibre material	%	98	97	99	-	
Climate Track						
Danish pigs in Climate Track	%	100	100	100	100	See page 36.
"Dansk Kalv" in Climate Track	%	100	100	100	100	
German pigs in Climate Track	%	15	-	-	-	
Swedish pigs in Climate Track	%	85	65	-	-	
Biodiversity						
Deforestation- and conversion-free soy	%	46	-	-	-	The share of deforestation- and conversion-free soy used in feed for our slaughter animals and as an ingredient was 46% in 2022/23. This is the first year we include this indicator at group level.

S Social	Unit	2022/23	2021/22	2020/21	2019/20	Development
Our employees						
Full-time employees (FTEs)	Number of employees	25,796	26,641	25,918	22,996	The number of FTEs decreased as expected in view of organisation changes implemented during the year.
Lost-time accidents	Number of accidents per 1,000 FTEs	31	43	37	27	The frequency of lost time accidents declined by 29%, as we have implemented safety awareness campaigns and worked with in-depth inquiry into health and safety conditions, disseminating experiences and sharing insights across the organisation. In addition, our Polish facilities in 2021/22 implemented ISO 45.001 improving on-site working conditions and decreasing accident rates. While these efforts targets risks of all types of accidents, severe accidents have not reduced in the same pace as less serious accidents, resulting in an increased absence rate.
Absence due to lost-time accidents	Days of absence per accident	21	17	18	22	
Fatalities	Number of fatalities	1	1	-	-	See page 38
Noise exposure (Denmark)	% of employees with noise exposure above 82 dB(A)	37	42	-	-	Daily noise exposure for Danish employees decreased by 12 %, which is a positive development towards our target, especially considering that our options to reduce noise in production facilities are constrained by high food safety standards.
Employee turnover	%	30	27	23	18	Employee turnover rate increased slightly, mainly due to voluntary exits as well as company terminations as a consequence of adjustments in our production footprint through closures of production facilities and general streamlining of the organisation.
Women in senior management						
Board of Directors, Levarndørselskabet Danish Crown AmbA	%	0	0	0	-	See page 39.
Board of Directors, Danish Crown A/S	%	20	20	20	-	
Executive Management	%	0	0	0	-	
Executive Vice Presidents	%	0	14	0	-	
Senior Vice Presidents	%	10	8	8	-	
Vice Presidents	%	13	21	20	-	
Responsible sourcing						
Supplier Code of Conduct acceptance	%	80	74	-	-	See page 39.
Sustainability and consumers						
Recalls	Number of public recalls	6	2	6	-	The number of recalls increased, which is within the expected variance between years.

G Governance	Unit	2022/23	2021/22	2020/21	2019/20	Development
Whistleblower cases	Number of cases	58	21	-	-	See page 50.
Of which corruption or bribery cases	Number of cases	0	0	-	-	
Certification coverage						
Food safety	%	86	86	-	-	Our certification coverage is calculated every second year, and there is therefore no change compared to 2021/22.
Environmental	%	60	60	-	-	
Health and safety	%	47	47	-	-	
Animal welfare	%	82	82	-	-	

Methodology and definitions

Reporting frameworks and future reporting requirements
The sustainability statements have been inspired by Global Reporting Initiative (GRI) standards, without meeting the in-accordance criteria. In addition, the report reflects the context of future sustainability reporting requirements. We have made changes this year in preparation for compliance with the Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainability Reporting Standards (ESRS). One step in this year's preparations for CSRD compliance is restructuring the report around the environmental, social and governance dimensions instead of around our strategy. We have also provided additional information on governance and our materiality assessment as we work towards applying the full framework for materiality assessment set out in ESRS.

We are not yet reporting on the EU Taxonomy, as we are not covered by this legislation until 2025/26. In addition, the technical screening criteria for eligibility and alignment of activities related to the food sector have not yet been adopted.

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

Our ESG data for 2022/23 cover the period from 1 October 2022 to 30 September 2023 to the extent possible. Some of the data included in the report are based on slightly different periods. Our basic principles for data management and reporting are unchanged relative to last year. Material changes related to specific data points are described in the data definitions.

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

We apply the same boundaries to our ESG data in terms of legal entities and operational control as those set for our financial data. See our financial statements for a full description of inclusion principles and a complete list of companies. If these boundaries do not apply, this is stated in the definitions.

In 2022/23, we had some major changes to our production facility landscape. We closed our facilities in Sæby, Denmark, and Boizenburg, Germany, and new sites were added to DAT-Schaub's operations through acquisitions. We have also excluded our joint venture WestCrown to align with boundaries in our financial data.

ESG performance and future legislation
The legislative requirements for ESG reporting are increasing, and in general we are experiencing increasing expectations from customers, consumers, financial institutions and other stakeholders for measurable progress on sustainability. We also need to ensure that we meet the targets we have set, such as our emission reduction targets validated by the Science Based Targets initiative (SBTi).

To meet increasing expectations and future legal requirements, we have initiated a group-wide project to improve our overall set-up for data collection, validation and disclosure. We are working intensively to narrow the gap between the data points we currently collect and the data points required in future. In addition, we have a strong focus on ensuring high data quality across our business units and countries of operation. We add new data points and improve definitions and validation processes each year.

For example, we are developing an internal controlling framework for ESG data which will include site visits.

The aim of this work is not only to meet future legal requirements, but also to drive change and good decision-making, and to strengthen communication and add value for our customers and consumers. We will build dashboards which will allow employees across the organisation to follow our progress in key sustainability areas on a regular basis. We will also automate as much of our data collection as possible, which will allow higher data collection frequency and enable earlier action if we are not progressing as planned on our targets.

Building an organisation fit for future ESG data
To support strong anchoring of ESG data collection and validation across our facilities and business units, we have developed an organisation with a Sustainability Business Partner and a Sustainability Controller in each business unit. The Sustainability Business Partner is responsible for ensuring focus on sustainability in both the management team and the broader organisation. The Sustainability Controller, among others, has a key role in supporting quality in data collection and validation in the business unit.

The overall focus on ESG data was also enhanced in 2022/23 by the inclusion of a short-term incentive target related to ESG data. This target included concrete sub-targets for adding new data points, improving the data management processes for existing data points, and training. The short-term incentive target applied to director level and above, which includes more than 300 managers at Danish Crown.

Definitions

ENVIRONMENT

Energy

Energy consumption

Energy consumption in MWh is the total consumption of fossil and renewable energy sources including the following: natural gas, gas oil, fuel oil, gasoline diesel, petrol, other fossil fuels, electricity, district heating and steam, liquefied and compressed gas, biomass energy, other alternative energy and own production of renewable energy.

Energy consumption in kWh per tonne produced is calculated by dividing total energy consumption by production in tonnes.

Green electricity

Consumption of externally purchased 100% renewable electricity and district heating as well as actual consumption of internally produced renewable electricity. Energy sources include geothermal, wind, solar, hydro and biomass. Stated as a percentage of total electricity consumption.

Emissions

Scope 1 emissions

Scope 1 emissions are direct greenhouse gas emissions from primary energy at our production facilities, including fuels used for stationary installations on site (natural gas) and vehicles (diesel). Emissions related to dry ice and carbon dioxide used for anaesthesia as well as the global warming potential of purchased refrigerants are also included in scope 1. All emissions are converted to carbon dioxide equivalents (CO_2e) and measured in thousands of tonnes of CO_2e.

Scope 2 emissions (market-based)

Scope 2 emissions are indirect greenhouse gas emissions from secondary energy, mainly electricity. The market-based method quantifies scope 2 emissions based on greenhouse gas emissions emitted by the generators from which the reporter contractually purchases electricity bundled with instruments*, or unbundled instruments* on their own (GHG Protocol, "Scope 2 Guidance", Glossary, 2015). Measured in thousands of tonnes of CO_2e.

* Renewable energy certificates.

Scope 2 emissions (location-based)

Scope 2 emissions are indirect greenhouse gas emissions from secondary energy, mainly electricity. The location-based method quantifies scope 2 emissions based on average energy generation emission factors for defined locations, including local, subnational or national boundaries (GHG Protocol, "Scope 2 Guidance", Glossary, 2015). Measured in thousands of tonnes of CO_2e.

Scope 3 emissions

Scope 3 emissions are emissions that we are responsible for indirectly through our value chain.

Scope 3 emissions have been calculated for 2019/20, 2020/21 and 2021/22. Given the high complexity of these emissions and our reliance on third-party data, scope 3 emissions for 2022/23 will be available in May 2024 in connection with the announcement of our half year results. The calculation of scope 3 emissions follows the methodology outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Danish Crown has a measurable climate impact in ten of the 15 categories of scope 3 emissions: 1. Purchased goods and services, 2. Capital goods, 3. Fuel and energy related activities, 4. Upstream transportation, 5. Waste generated in operations, 6. Business travel, 7. Employee commuting, 8. Upstream leased assets, 10. Processing of sold products, and 12. End-of-life treatment.

All farm level greenhouse gas emissions are included in category 1. This category accounts for the majority of our scope 3 emissions and includes the full value chain emissions from animal production. The calculation of farm level greenhouse gas emissions is based on data from our life cycle assessment (LCA) model. Measured in thousands of tonnes of CO_2e.

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

We have revised our historical data for scope 3 emissions. The main reasons for the revision are (ranked by magnitude of impact): 1) We have updated the cattle module in our LCA calculations, which has resulted in a higher emission footprint for cattle than previously anticipated; 2) We have replaced our generic data with supplier specific data for non-meat procurement; 3) We have improved data quality for all animal types in all countries; 4) As a result of the target validation by the SBTi, we have expanded our scope 3 to also include emissions related to waste management of food waste at the consumer as well as refrigeration in retail.

Outside of scope (1-3)

Greenhouse gas emissions connected to burning of biomass should be reported "outside scope" (separately and not in scope 1, 2 or 3). Danish Crown does not disclose outside-scope emissions at this point as their contribution is negligible.

Emission intensity

Emissions divided by total output produced and measured in kg CO_2e per kg produced.

Water

Water data cover our production facilities, i.e. abattoirs and processing and casing facilities.

Water consumption

Water consumption is the withdrawal of water from all sources: groundwater, surface water (including collected rainwater), sea water, water from municipal facilities and other external vendors, own wells or water collections. Bottled water purchased for drinking is not included. Measured in thousands of cubic metres (m^3).

Water consumption in m^3 per tonne produced is calculated by dividing total water consumption (water withdrawal) by total production in tonnes.

COD in wastewater

Chemical oxygen demand (COD) in wastewater is the total amount of COD in wastewater divided by total production in tonnes. Measured in kg per tonne produced.

Waste
Waste data covers waste from our production facilities, i.e. abattoirs and processing and casing facilities.

Total waste
Total waste is the weight in tonnes of all waste generated. This includes both waste directed to recovery and waste directed to disposal (incineration or landfill), and hazardous waste. It does not include animal by-products, biomass used for biogas production or wastewater. Measured in tonnes.

Waste suitable for incineration
This is the total weight of waste which is suitable for incineration but not for recovery. Suitable for incineration means that the waste can be sent for incineration, but in some countries the waste management practices could result in another type of treatment, e.g. landfill. In preparation for compliance with the Corporate Sustainability Reporting Directive, we have introduced new more detailed data points based on real recovery rates and destination instead of which type of treatment the waste is suitable for. Whenever possible our facilities have reported according to the new data points. This means that in some cases waste that has previously been counted as suitable for incineration has not been included in this data point in 2022/23, which may be part of the reason for the decline in the quantity of waste sent for incineration. Measured in tonnes.

Waste directed to recovery
This is the total weight of waste that has been recovered, including preparation for reuse and recycling but not energy recovery. In preparation for our compliance with the Corporate Sustainability Reporting Directive, we have introduced new more detailed data points based on real recovery rates and destination as far as possible. Measured as a percentage of total waste.

Packaging
Our packaging data cover the following business units: Danish Crown, Danish Crown Beef and KLS.

The 2020/21 data for packaging volume and recyclable packaging materials has been revised as part of our data validation processes. In particular the weight of two items were adjusted as the weight included in the 2020/21 was too high.

Packaging volume
The total amount of packaging purchased during the financial year, excluding pallets. Measured in kg per tonne produced.

Recyclable packaging material
Recyclable plastic packaging materials are those defined as monomaterials in the design guide *Reuse and recycling of plastic packaging for private consumers* from the Network for Circular Plastic Packaging. Metal and fibre-based materials must consist of only one material structure to be considered recyclable. Measured as a percentage of total packaging.

Recycled packaging content (plastic)
Packaging made from materials recovered from post-consumer waste and recycled into a final product or product component. The indicator only includes post-consumer plastic materials. Measured as a percentage of total plastic packaging. Previously the indicator covered all packaging materials. Therefore, the figure for 2020/21 has been adjusted so it only includes plastic materials.

Certified fibre material
Certified fibre packaging is the share of fibre packaging with FSC, FSC MIX or equivalent certification, such as under the Programme for the Endorsement of Forest Certification (PEFC). Measured as a percentage of total fibre packaging.

Climate Track
Suppliers in Climate Track
Suppliers in Climate Track is the percentage of our cooperative owners and contract suppliers who had joined the Climate Track programme by the end of the financial year. For animals and countries where implementation has started but is not yet complete, it is measured as the percentage of slaughter animals covered by the programme.

Biodiversity
Deforestation- and conversion-free soy
Deforestation- and conversion-free soy (DCF) includes certified soy as well as soy verified as originating from deforestation-free areas. The percentage of DCF soy covers both soy used in feed for our slaughter animals and soy used as an ingredient in our food production.

We have abattoirs in Denmark, Sweden, Germany and Poland, and it is thus these countries for which we calculate the percentage of certified or verified DCF used in feed for our slaughter animals. For all four countries organic animals are included as having been fed certified organic soy, which is DCF. The amount of conventional soy fed to Danish livestock is covered by RTRS credits, but the credits are not included in the percentage of DCF soy. In Sweden, all soy used as animal feed or as an ingredient in food production is certified or verified DCF. In Germany and Poland, we currently cannot document the use of DCF soy in feed. Consequently, all livestock (except for organic production systems) is assumed to be fed conventional soy.

Traded meat, DAT-Schaub's casings business and externally purchased meat are not part of the indicator.

S SOCIAL

Employees
Full-time employees (FTEs)
The number of FTEs during the reporting period is calculated as the average of the number of FTEs in each of the 12 months in the reporting period.

The calculation of FTEs is based on normal full-time employment in each country.

Employees are all those who receive any form of remuneration directly from Danish Crown for their services, including full-time, part-time and temporary staff.

Lost-time accidents
Lost-time accidents are the number of work-related accidents per thousand full-time equivalent employees (FTEs). An accident is recorded when it occurs during working hours and causes at least one day of absence after the day of the accident. Accidents during travel to/from work are generally not included.

Absence due to lost-time accidents
This is the total number of working days lost due to accidents, excluding the day of the accidents, divided by the number of lost-time accidents. If an accident causes several periods of absence, all days of absence are included. Absence within the reporting period due to accidents in previous periods is not included.

Fatalities
Fatalities are defined as work-related accidents resulting in the death of a worker. This includes both Danish Crown employees and workers not employed by Danish Crown but working at our facilities.

Noise exposure (Denmark)
Noise exposure is the percentage of production employees in Denmark exposed to a daily noise level above 82 dB(A).

Employee turnover
Employee turnover is the total number of employees (headcount) who left Danish Crown in the reporting period for any reason, whether voluntarily or involuntarily due to dismissal, retirement or death. Measured as a percentage of the total number of employees in headcounts. In previous years, employee turnover was measured based on full-time equivalents (FTEs).

Women in senior management
This is the share of women that hold a position as Vice President and above. Measured as the number of women in these positions as a percentage of the total number of managers in these positions.

Responsible sourcing
Supplier Code of Conduct acceptance
The Supplier Code of Conduct acceptance rate shows the percentage of our spend where suppliers have accepted our Supplier Code of Conduct or have committed to an equivalent code of conduct. Excludes Sokołów and DAT-Schaub.

Recalls
Products which have been delivered to our customers and sold to consumers, and subsequently recalled because they pose a potential risk to food safety.

G GOVERNANCE

Management systems and certification coverage
Our latest calculation of certificate coverage is from 2021/22.

Food safety
Food safety certification coverage is measured as the percentage of our production that is covered by one or more of the following certifications: British Retail Consortium (BRC), Global Red Meat Standard (GRMS), International Featured Standard (IFS) and FSCC 22000.

Environment
Environment certification coverage is measured as the percentage of our production that is covered by ISO 14001.

Health and safety
Health and safety certification coverage is measured as the percentage of employees at our production facilities and warehouses who are covered by ISO 45001. Production facilities are abattoirs, processing and casing facilities.

Animal welfare
The percentage of animals that are slaughtered at abattoirs certified as complying with the Global Red Meat Standard (GRMS).

Whistleblower cases
Read more about our whistleblower system on page 50.

OTHER INDICATORS

Slaughtered animals
The total number of animals slaughtered at Danish Crown. Also shown by type of animal. Data from previous years has been aligned with our financial reporting.

Animals raised organically, as free-range and/or without antibiotics
The total number of animals slaughtered that were raised organically, as free-range and/or without antibiotics.

Organic animals are animals raised in accordance with national, European and international organic labels. This includes animals raised under concepts such as the Danish "Friland økologisk" and the German "Bioland".

Free-range animals are animals that have been able to roam freely outdoors for at least part of the day, acknowledging that weather conditions can restrict access to outdoor facilities for part of the year in some geographies. This includes animals raised under concepts such as the Danish "Friland" and the Swedish "Naturbeteskött".

Animals raised without antibiotics include those raised under the American National Organic Program (NOP) and our Polish programme of fattening without antibiotics.

Location
Countries of operation
Countries of operation is the number of countries in which Danish Crown operates one or more facilities defined as abattoirs, processing and casing plants, sales offices and warehouses.

Facilities in/outside Europe
The number of facilities as defined above that Danish Crown operates within Europe and outside Europe.

Number of meals
Production in tonnes divided by 50 grams per meal. The 50 gram measure is based on official Danish dietary guidelines, which recommend eating 350 grams of meat per week.

Financial statements

The financial statements present the group's financial performance during the year and position at the end of the year. Key financial information such as revenue, expenses, profit, assets, liabilities and equity is presented in a structured format to aid analysis and understanding.

Consolidated financial statements Parent financial statements Group structure Sustainable Development Goals Policies and commitments

Consolidated financial statements

Income statement and statement of comprehensive income Balance sheet Statement of changes in equity Cash flow statement Notes, group

Income statement
1 October – 30 September

DKKm	Note	Group 2022/23	Group 2021/22
Revenue	2	67,602	64,212
Production costs	3,4	-58,434	-54,264
Gross profit		**9,168**	**9,948**
Distribution costs	3,4	-5,053	-5,446
Administrative expenses	3,4,5	-1,807	-1,745
Other operating income		77	54
Other operating expenses		-10	-12
Income from equity investments in associates and joint ventures	13	23	86
Operating profit before special items (EBIT)		**2,398**	**2,885**
Special items	6	-200	0
Operating profit after special items		**2,198**	**2,885**
Financial income	7	74	52
Financial expenses	8	-610	-278
Profit before tax		**1,662**	**2,659**
Tax on profit for the year	9	-193	-479
Net profit for the year		**1,469**	**2,180**
Cooperative owners of the parent		1,449	2,088
Non-controlling interests		20	92
Distribution of net profit for the year		**1,469**	**2,180**

Statement of comprehensive income
1 October – 30 September

DKKm	Note	Group 2022/23	Group 2021/22
Profit for the year		**1,469**	**2,180**
Items subsequently recycled to the income statement:			
Foreign currency translation adjustment of foreign enterprises		-18	49
Hedging of net investments in foreign enterprises		28	-30
Fair value adjustments etc. of financial instruments hedging future cash flows		-23	45
Fair value adjustments of financial instruments hedging realised cash flows recycled to the income statement		-4	7
Tax on other comprehensive income		7	-14
Items not recycled to the income statement:			
Actuarial gains/losses on defined benefit plans etc.		3	15
Tax on other comprehensive income		-1	-4
Other comprehensive income		**-8**	**68**
Comprehensive income		**1,461**	**2,248**
Cooperative owners of the parent		1,443	2,128
Non-controlling interests		18	120
Distribution of comprehensive income		**1,461**	**2,248**

Balance sheet – assets
30 September

		Group	
DKKm	**Note**	**30.09.2023**	**30.09.2022**
Intangible assets	10	3,647	3,697
Property, plant and equipment	11	9,476	8,941
Lease assets	12	765	778
Equity investments in associates and joint ventures	13	327	402
Other securities and equity investments	14	11	12
Deferred tax assets	17	96	121
Non-current assets		**14,322**	**13,951**
Inventories	18	5,844	5,874
Biological assets	19	33	30
Trade receivables	20	7,153	7,626
Receivables from and prepayments to cooperative owners		253	309
Receivables from associates		42	21
Income tax receivable		105	0
Other receivables		979	1,059
Prepayments		150	134
Other securities and equity investments	14	33	33
Cash		155	319
Current assets		**14,747**	**15,405**
Total assets		**29,069**	**29,356**

Balance sheet – equity and liabilities
30 September

		Group	
DKKm	**Note**	**30.09.2023**	**30.09.2022**
Cooperative owners' accounts		913	1,108
Owners' accounts		934	895
Other reserves		-246	-262
Retained earnings		6,059	6,354
Equity owned by cooperative owners of the parent		**7,660**	**8,095**
Equity owned by non-controlling interests		87	78
Equity		**7,747**	**8,173**
Pension obligations		15	22
Deferred tax liabilities	17	551	520
Other provisions	16	112	146
Loans	21,22	9,484	9,922
Non-current liabilities		**10,162**	**10,610**
Other provisions	16	187	143
Loans	21,22	4,065	3,345
Trade payables		4,040	4,445
Payables to associates		36	85
Income tax payable		0	146
Other payables		2,795	2,353
Deferred income		37	56
Current liabilities		**11,160**	**10,573**
Total liabilities		**21,322**	**21,183**
Total equity and liabilities		**29,069**	**29,356**

Statement of changes in equity
30 September

DKKm	Cooperative owners' accounts	Owners' accounts	Reserve for foreign currency translation adjustments	Reserve for value adjustment of hedging instruments	Retained earnings	Total	Equity attributable to non-controlling interests	Total equity
Equity at 30 September 2021	**1,296**	**692**	**-360**	**103**	**6,326**	**8,057**	**306**	**8,363**
Net profit for the year	**0**	**214**	**0**	**0**	**1,874**	**2,088**	**92**	**2,180**
Foreign currency translation adjustment of foreign enterprises	0	0	21	0	0	21	28	49
Fair value adjustments etc. of financial instruments hedging future cash flows	0	0	0	11	34	45	0	45
Fair value adjustments of financial instruments hedging realised cash flows recycled to the income statement	0	0	0	7	0	7	0	7
Hedging of net investments in foreign enterprises	0	0	0	-30	0	-30	0	-30
Actuarial gains/losses on defined benefit plans etc.	0	0	0	0	15	15	0	15
Tax on other comprehensive income	0	0	-16	2	-4	-18	0	-18
Recycled to the income statement	0	0	0	0	0	0	0	0
Total other comprehensive income	**0**	**0**	**5**	**-10**	**45**	**40**	**28**	**68**
Comprehensive income for the year	**0**	**214**	**5**	**-10**	**1,919**	**2,128**	**120**	**2,248**
Payment of contributed capital	-188	-11	0	0	0	-199	0	-199
Supplementary payments disbursed	0	0	0	0	-1,669	-1,669	-43	-1,712
Acquisitions of non-controlling interests	0	0	0	0	-222	-222	-305	-527
Equity at 30 September 2022	**1,108**	**895**	**-355**	**93**	**6,354**	**8,095**	**78**	**8,173**
Net profit for the year	**0**	**57**	**0**	**0**	**1,392**	**1,449**	**20**	**1,469**
Foreign currency translation adjustment of foreign enterprises	0	0	-16	0	0	-16	-2	-18
Fair value adjustments etc. of financial instruments hedging future cash flows	0	0	0	1	-24	-23	0	-23
Fair value adjustments of financial instruments hedging realised cash flows recycled to the income statement	0	0	0	-4	0	-4	0	-4
Hedging of net investments in foreign enterprises	0	0	0	28	0	28	0	28
Actuarial gains/losses on defined benefit plans etc.	0	0	0	0	3	3	0	3
Tax on other comprehensive income	0	0	12	-5	-1	6	0	6
Recycled to the income statement	0	0	0	0	0	0	0	0
Total other comprehensive income	**0**	**0**	**-4**	**20**	**-22**	**-6**	**-2**	**-8**
Comprehensive income for the year	**0**	**57**	**-4**	**20**	**1,370**	**1,443**	**18**	**1,461**
Payment of contributed capital	-195	-18	0	0	0	-213	0	-213
Supplementary payments disbursed	0	0	0	0	-1,665	-1,665	-17	-1,682
Acquisitions of non-controlling interests	0	0	0	0	0	0	8	8
Equity at 30 September 2023	**913**	**934**	**-359**	**113**	**6,059**	**7,660**	**87**	**7,747**

Cash flow statement

1 October – 30 September

DKKm	Note	Group 2022/23	Group 2021/22
Operating profit before special items (EBIT)		2,398	2,885
Depreciation, amortisation and impairment	4	1,547	1,537
Income from associates	13	-23	-86
Change in provisions		-46	-37
Change in net working capital	30	489	-1,660
Operating cash flows		**4,365**	**2,639**
Financial income received	7	43	30
Financial expenses paid	8	-594	-260
Income tax paid		-377	-288
Cash flows from operating activities		**3,437**	**2,121**
Purchase etc. of intangible assets	10	-50	-79
Purchase etc. of property, plant and equipment	11,12	-1,824	-1,551
Sale of property, plant and equipment	11,12	45	160
Dividends received from associates	13	69	65
Purchase of other securities and equity investments	13,14	-5	0
Sale of other securities and equity investments	13,14	4	10
Acquisition of businesses	15	-64	-246
Cash flows from investing activities		**-1,825**	**-1,641**
Disbursement of supplementary payments		-1,665	-1,669
Disbursement to non-controlling shareholders		-9	-570
Proceeds from borrowings	30	3,027	3,550
Repayment of loans	30	-2,916	-1,477
Payment of contributed capital		-213	-199
Cash flows from financing activities		**-1,776**	**-365**
Change in cash and cash equivalents		**-164**	**115**
Cash and cash equivalents at 1 October		319	204
Net cash and cash equivalents at 30 September	30	**155**	**319**

Notes, group

Income statement

Note 1 Significant accounting estimates and judgments

When preparing the annual report in accordance with the group's accounting policies, management is required to make estimates and assumptions that affect the assets and liabilities recognised, including information on any contingent assets and liabilities.

Management's estimates are based on historical experience and other assumptions which are deemed relevant at the time. These estimates and assumptions form the basis for the recognised carrying amounts of assets and liabilities and the related effects recognised in the income statement. Actual results may differ from such estimates and assumptions.

Management considers the following estimates and judgments significant to the preparation of the consolidated financial statements.

Production costs
Costs for the purchase of slaughter animals from the cooperative owners are recognised at current published settlement prices for the year under production costs. At the year-end closing, the Board of Representatives of Leverandørselskabet Danish Crown AmbA determines how large a share of the profit for the year to transfer to consolidation purposes and how large a share of the profit to distribute as supplementary payments, which is treated as dividend.

Intangible assets
At least once a year, the group tests goodwill and other intangible assets with indefinite useful lives for impairment. A further description of the basis of accounting estimates can be found in note 10. No impairment was recognised on goodwill.

Property, plant and equipment
Management makes accounting estimates concerning residual values, and these are reassessed on an annual basis. In addition, separate assessments are made of impairment losses in connection with capacity adjustments, closure of facilities or any other situations where there is an indication of impairment as a result of changed production or market conditions. An impairment charge of DKK 83 million was recognised on facilities that have been closed during 2022/23. No impairment charges were recognised on facilities last year. A specification of property, plant and equipment is provided in note 11.

Inventories
When assessing the net realisable value of inventories of fresh/frozen meat and casings, management estimates the expected development in market prices. Price developments in the world market may be affected by access to major markets. At the end of 2022/23, we made a reversal of the write-down of inventories of DKK 148 million due to an increase in the market price of pork. A specification of inventories is provided in note 18.

Deferred tax liabilities and tax assets
Deferred tax assets are recognised if it is probable that taxable income will be available in the future against which temporary differences or tax losses carried forward can be utilised.

As a result of higher uncertainty as to the future earnings of loss-making units, the majority of the tax assets related to tax losses carried forward have been written down.

The group's uncertain tax positions are regularly assessed and necessary provisions are recognised on the basis of estimates of likely outcomes and a risk assessment thereof.

A specification of deferred tax liabilities and tax assets is provided in note 17.

Note 2 Revenue

Allocation of revenue on business areas and sales channels

DKKm	Danish Crown	Sokołów	KLS	DAT-Schaub	Total
2022/23					
Industry	23,844	1,863	1,427	3,868	31,002
Foodservice	5,654	1,047	298	61	7,060
Retail	14,691	5,567	3,551	204	24,013
Other	3,266	621	447	1,193	5,527
Total	**47,455**	**9,098**	**5,723**	**5,326**	**67,602**
2021/22					
Industry	23,403	1,924	1,487	3,787	30,601
Foodservice	5,017	907	271	48	6,243
Retail	14,117	4,866	3,314	199	22,496
Other	2,617	541	442	1,272	4,872
Total	**45,154**	**8,238**	**5,514**	**5,306**	**64,212**

Allocation of revenue on business areas and markets

DKKm	Danish Crown	Sokołów	KLS	DAT-Schaub	Total
2022/23					
Denmark	6,529	5	17	342	6,893
Europe	28,220	8,758	5,706	2,911	45,595
Asia	9,734	309	0	167	10,210
Other	2,972	26	0	1,906	4,904
Total	**47,455**	**9,098**	**5,723**	**5,326**	**67,602**
2021/22					
Denmark	6,161	7	11	472	6,651
Europe	24,623	7,829	5,503	2,814	40,769
Asia	9,219	0	0	183	9,402
Other	5,151	402	0	1,837	7,390
Total	**45,154**	**8,238**	**5,514**	**5,306**	**64,212**

Income statement

Note 3 Staff costs

DKKm	2022/23	2021/22
Salaries and wages	7,326	7,499
Pensions	500	475
Other social security costs	843	848
	8,669	**8,822**
Staff costs are distributed as follows:		
Production costs	6,465	6,698
Distribution costs	1,064	940
Administrative expenses	1,140	1,184
	8,669	**8,822**
Of which:		
Remuneration for the Board of Representatives	2	1
Remuneration for the Board of Directors	9	9
Remuneration for the Executive Registered Board	22	33
	33	**43**
Average no. of employees	25,796	26,641

Key management personnel is defined as Executive Management. The remuneration to the Executive Management in 2022/23 amounts to DKK 30 million (2021/22: DKK 34 million).

The remuneration to the Executive Management does not include pension but includes costs for long-term bonuses in 2022/23 of DKK 2 million (2021/22: DKK 1 million). In addition, renumeration for the Executive Management includes severance payment of DKK 0 million (2021/22: DKK 4 million).

The calculation methodology and therefore the presented numbers differs from the calculation methodology used and the numbers presented in the Remuneration Report.

Note 4 Depreciation, amortisation and impairment

DKKm	2022/23	2021/22
Amortisation of intangible assets:		
Production costs	18	17
Distribution costs	69	78
Administrative expenses	36	40
	123	**135**
Depreciation of property, plant and equipment and lease assets:		
Production costs	1,214	1,207
Distribution costs	127	119
Administrative expenses	85	81
	1,426	**1,407**
Impairment of intangible assets and property, plant and equipment:		
Special items	83	0
	83	**0**
Gain on the disposal of non-current assets	10	49
Loss on the disposal of non-current assets	8	44

Note 5 Fees to the parent's auditors appointed by the Board of Representatives

DKKm	2022/23	2021/22
Statutory audit	10	9
Other assurance engagements	0	0
Tax advice	0	0
Other services	1	2
	11	**11**

Income statement

Note 6 Special items

DKKm	2022/23	2021/22
Special items, expenses:		
Impairment of facilities	83	0
Demolition and closure costs	117	0
	200	**0**

The amounts relate to the closure of two production facilities in Danish Crown to improve capacity utilisation.
For asset specification reference is made to page 79.

Note 7 Financial income

DKKm	2022/23	2021/22
Interest, cash etc.	43	30
Foreign currency gains and losses, net	27	16
Fair value adjustment of derivative financial instruments hedging the fair value of financial instruments	-29	30
Fair value adjustment of hedged financial instruments	29	-30
Fair value adjustment recycled from equity concerning hedges of future cash flows	4	6
	74	**52**

Note 8 Financial expenses

DKKm	2022/23	2021/22
Interest expenses, credit institutions etc.	575	247
Interest, lease debt	19	13
Foreign currency gains and losses, net	16	18
	610	**278**

Note 9 Tax on profit for the year

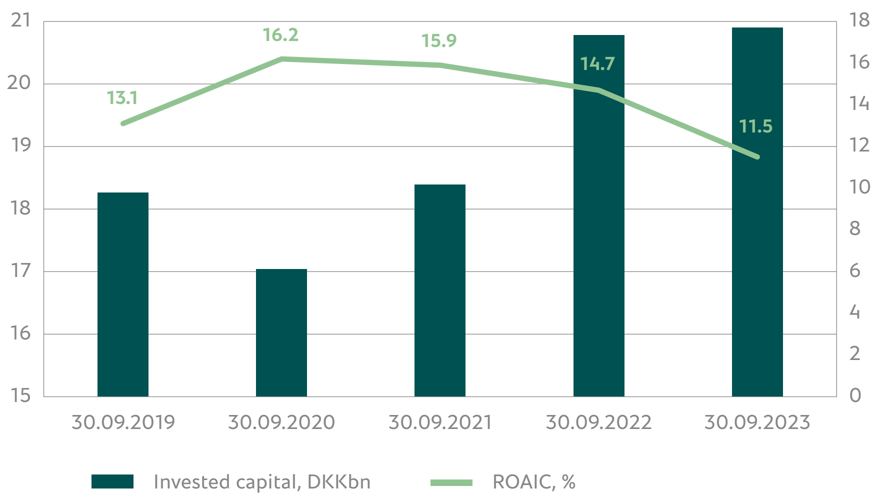
DKKm	2022/23	2021/22
Current tax	190	356
Change in deferred tax	-89	19
Change in deferred tax resulting from a change in the tax rate	0	1
Adjustment concerning previous years, current tax	-76	-122
Adjustment concerning previous years, deferred tax	2	123
Write-down of tax assets and provision for uncertain tax provisions	146	74
	173	**451**
Tax in cooperatively taxed enterprises and tax on other income not subject to income tax	20	28
Tax on profit for the year	**193**	**479**
Tax on profit for the year can be explained as follows:		
Calculated tax at a tax rate of 22%	361	566
Effect of differences in tax rates for foreign enterprises	-9	-2
Change in deferred tax resulting from a change in the tax rate	0	1
Tax in cooperatively taxed enterprises and tax on other income not subject to income tax	20	28
Tax effect of profit in cooperatively taxed enterprises	-247	-260
Tax effect of non-taxable income	-17	-44
Tax effect of non-deductible costs	13	115
Adjustment concerning previous years, current tax	-76	-122
Adjustment concerning previous years, deferred tax	2	123
Write-down of tax assets and provision for uncertain tax provisions	146	74
	193	**479**
Effective tax rate (%)	**11.8**	**18.6**
Foreign currency translation adjustment of foreign enterprises	-12	16
Fair value adjustments etc. of financial instruments hedging future cash flows	1	-1
Fair value adjustments of financial instruments hedging realised cash flows recycled to the income statement	-2	5
Hedging of net investments in foreign enterprises	6	-6
Actuarial gains/losses on defined benefit plans etc.	1	4
Tax on other comprehensive income	**-6**	**18**

Invested capital

Calculation of invested capital

DKKm	Note	30.09.2023	30.09.2022
Intangible assets	10	3,647	3,697
Property, plant and equipment	11	9,476	8,941
Lease assets	12	765	778
Equity investments in associates and joint ventures	13	327	402
Other securities and equity investments, long-term	14	11	12
Net working capital		7,398	7,659
Other provisions	16	-299	-289
Pension obligations		-15	-22
Deferred tax, net	17	-455	-399
		20,855	**20,779**
Average invested capital		20,817	19,585
Return on average invested capital (ROAIC)		11.5%	14.7%

Development in invested capital past 5 years



Note 10 Intangible assets

DKKm	Goodwill	Software	Acquired trademarks etc.	Total
Cost at 01.10.2022	3,068	663	1,353	5,084
Foreign currency translation adjustments	-8	1	9	2
Additions on acquisition	20	0	12	32
Additions	0	50	0	50
Disposals	0	-6	0	-6
Cost at 30.09.2023	**3,080**	**708**	**1,374**	**5,162**
Amortisation and impairment at 01.10.2022	0	584	803	1,387
Foreign currency translation adjustments	0	-2	12	10
Impairment for the year	0	1	0	1
Amortisation for the year	0	43	80	123
Amortisation of disposals for the year	0	-6	0	-6
Amortisation and impairment at 30.09.2023	**0**	**620**	**895**	**1,515**
Carrying amount at 30.09.2023	**3,080**	**88**	**479**	**3,647**
Cost at 01.10.2021	2,922	658	1,314	4,894
Foreign currency translation adjustments	15	-3	-18	-6
Additions on acquisition	131	0	51	182
Additions	0	73	6	79
Disposals	0	-65	0	-65
Cost at 30.09.2022	**3,068**	**663**	**1,353**	**5,084**
Amortisation and impairment at 01.10.2021	0	565	727	1,292
Foreign currency translation adjustments	0	-2	-1	-3
Amortisation for the year	0	58	77	135
Amortisation of disposals for the year	0	-37	0	-37
Amortisation and impairment at 30.09.2022	**0**	**584**	**803**	**1,387**
Carrying amount at 30.09.2022	**3,068**	**79**	**550**	**3,697**

Except for goodwill with an indefinite useful life, all other intangible assets are considered to have finite useful lives over which the assets are amortised.

Invested capital

Note 10 Intangible assets – continued

Impairment testing of goodwill
Goodwill arising on acquisition etc. at the date of acquisition is allocated to the cash-generating units which are expected to obtain economic benefits from the business combination.

The carrying amount of goodwill is allocated to the cash-generating units as follows:

DKKm	30.09.2023	30.09.2022
Danish Crown	1,217	1,214
Sokołów	656	626
KLS	207	218
DAT-Schaub	546	556
Danish Crown Group	454	454
	3,080	**3,068**

Goodwill is tested for impairment at least once a year, or more frequently if there are indications of impairment. The annual impairment test is made at the end of the financial year and has not resulted in any impairment of goodwill in the financial year. The recoverable amount for the individual cash-generating units to which the goodwill amounts have been allocated is calculated on the basis of calculations of the units' net present value.

The cash-generating units' net present value is calculated using the cash flows stated in the units' budgets and strategy plans for the next five financial years. The strategy plans include a number of efficiency initiatives. Account is taken of timing differences in strategy plans. For financial years following the budget and strategy periods (terminal period), cash flows in the most recent strategy period have been extrapolated, adjusted for expected growth rates for the specific markets. The most important uncertainties in this regard are related to the determination of discount rates and growth rates as well as the uncertainties and risks reflected in the budget and strategy figures.

The fixed discount rates reflect market assessments of the time value of money, expressed as a risk-free interest rate, and the specific risks which are associated with the individual cash-generating unit. Discount rates are generally determined on an 'after tax' basis based on the estimated weighted average cost of capital (WACC).

The growth rates used are based on the forecasts and strategy plans of the individual units as well as on expectations for discount rates, interest and inflation levels. The growth rates used do not exceed the expected average long-term growth rate for the markets in question.

The most important budget assumptions are based on expectations for the organic growth in tonnage in the market(s) in which the companies primarily operate, the possibility of moving up in the value chain (new and more processed products) and the development in raw material prices for the principal products (pork and beef as well as by-products). For Sokołów and KLS, such expectations cover the Polish and Swedish markets, while the assessment for DAT-Schaub and Danish Crown covers a number of global primary markets. The estimates of growth and the correlation between selling prices and raw material prices in the budget and strategy periods are based on historical experience and expectations for future growth and market conditions. Management assesses that likely changes to the basic assumptions will not result in the recoverable amount of goodwill being lower than the carrying amount.

Parameters used to calculate recoverable amounts

	Growth factor in the terminal period		Risk-free interest rate, 10-year swap interest rate		WACC after tax		WACC before tax	
Per cent	**2022/23**	**2021/22**	**2022/23**	**2021/22**	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Danish Crown	1.0	1.0	2.6	1.3	7.7	6.3	9.8	8.1
Sokołów	2.0	2.0	5.8	6.4	11.2	10.8	13.8	13.3
KLS	1.0	1.0	2.5	1.9	7.4	6.9	9.3	8.7
DAT-Schaub	1.0	1.0	2.6	1.3	7.7	6.3	9.8	8.1
Danish Crown Group	1.0	1.0	2.6	1.3	7.7	6.3	9.8	8.1

Acquired trademarks etc.
Acquired trademarks etc. primarily concern trademarks in Poland with a remaining life of 5-15 years.

Invested capital

Note 11 Property, plant and equipment

DKKm	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under construction	Total
Cost at 01.10.2022	10,619	10,973	927	1,358	23,877
Foreign currency translation adjustments	-26	76	37	-29	58
Completion of assets under construction	399	476	81	-956	0
Additions on acquisition	1	1	0	0	2
Additions	338	315	59	1,125	1,837
Disposals	-145	-259	-55	-15	-474
Cost at 30.09.2023	**11,186**	**11,582**	**1,049**	**1,483**	**25,300**
Depreciation and impairment at 01.10.2022	6,525	7,729	682	0	14,936
Foreign currency translation adjustments	-26	23	19	0	16
Impairment for the year	23	59	1	0	83
Depreciation for the year	373	749	99	0	1,221
Depreciation and impairment on disposals for the year	-137	-243	-52	0	-432
Depreciation and impairment at 30.09.2023	**6,758**	**8,317**	**749**	**0**	**15,824**
Carrying amount at 30.09.2023	**4,428**	**3,265**	**300**	**1,483**	**9,476**
Of which recognised interest expenses	31	0	0	6	37
Cost at 01.10.2021	10,486	10,260	938	1,162	22,846
Foreign currency translation adjustments	-66	-127	-3	-19	-215
Completion of assets under construction	368	500	39	-907	0
Additions on acquisition	94	163	0	0	257
Additions	118	272	39	1,122	1,551
Disposals	-381	-95	-86	0	-562
Cost at 30.09.2022	**10,619**	**10,973**	**927**	**1,358**	**23,877**
Depreciation and impairment at 01.10.2021	6,505	7,125	679	0	14,309
Foreign currency translation adjustments	-38	-97	-6	0	-141
Impairment for the year	0	0	0	0	0
Depreciation for the year	334	783	87	0	1,204
Depreciation and impairment on disposals for the year	-276	-82	-78	0	-436
Depreciation and impairment at 30.09.2022	**6,525**	**7,729**	**682**	**0**	**14,936**
Carrying amount at 30.09.2022	**4,094**	**3,244**	**245**	**1,358**	**8,941**
Of which recognised interest expenses	34	0	0	0	34

Finance costs of DKK 6 million were recognised in the cost of assets under construction in the financial year (2021/22: DKK 0 million).

Note 12 Lease assets

DKKm	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 01.10.2022	814	271	218	1,303
Foreign currency translation adjustments	15	2	-2	15
Additions on acquisition	0	2	10	12
Additions	107	26	55	188
Disposals	-28	-53	-40	-121
Cost at 30.09.2023	**908**	**248**	**241**	**1,397**
Depreciation and impairment at 01.10.2022	247	141	137	525
Foreign currency translation adjustments	-2	-1	-11	-14
Depreciation for the year	112	50	60	222
Depreciation and impairment on disposals for the year	-16	-51	-34	-101
Depreciation and impairment at 30.09.2023	**341**	**139**	**152**	**632**
Carrying amount at 30.09.2023	**567**	**109**	**89**	**765**
Cost at 01.10.2021	492	221	195	908
Foreign currency translation adjustments	-4	-6	-2	-12
Additions on acquisition	0	42	3	45
Additions	343	32	47	422
Disposals	-17	-18	-25	-60
Cost at 30.09.2022	**814**	**271**	**218**	**1,303**
Depreciation and impairment at 01.10.2021	167	112	100	379
Foreign currency translation adjustments	-2	-6	-1	-9
Depreciation for the year	90	53	60	203
Depreciation and impairment on disposals for the year	-8	-18	-22	-48
Depreciation and impairment at 30.09.2022	**247**	**141**	**137**	**525**
Carrying amount at 30.09.2022	**567**	**130**	**81**	**778**

Lease liabilities are specified in note 22.

Invested capital

Note 13 Equity investments in associates and joint ventures

DKKm	Associates 30.09.2023	Associates 30.09.2022	Joint ventures 30.09.2023	Joint ventures 30.09.2022
Cost at 1 October	169	168	17	17
Foreign currency translation adjustments	-7	6	0	0
Additions	5	0	0	0
Disposals	0	-5	0	0
Cost at 30 September	**167**	**169**	**17**	**17**
Value adjustments at 1 October	166	125	50	36
Foreign currency translation adjustments	-3	2	0	-1
Share of net profit	16	71	7	15
Other market value adjustments	-24	33	0	0
Distribution during the year	-62	-65	-7	0
Value adjustments at 30 September	**93**	**166**	**50**	**50**
Carrying amount at 30 September	**260**	**335**	**67**	**67**

	Associates		Joint ventures	
DKKm	2022/23	2021/22	2022/23	2021/22
Statement of comprehensive income				
Revenue	1,832	1,687	1,780	1,252
Profit for the year	118	216	14	29
Other comprehensive income	-14	19	0	0
Total comprehensive income (100%)	**104**	**235**	**14**	**29**
Dividend received	**62**	**65**	**7**	**0**
Non-current assets	710	709	83	84
Current assets	639	673	173	169
Non-current liabilities	205	214	0	0
Current liabilities	485	467	120	116
Equity (100%)	**659**	**701**	**136**	**137**

The financial year of Daka Denmark A/S, Agri-Norcold A/S, Oriental Sino Limited, WestCrown GmbH and Green Fertilizer Denmark ApS runs from 1 January to 31 December. For consolidation purposes, financial statements are prepared in accordance with Danish Crown's accounting policies for periods corresponding to Danish Crown's accounting periods.

Note 14 Other securities and equity investments

DKKm	30.09.2023	30.09.2022
Unlisted shares	11	12
Listed bonds	33	33
	44	**45**
Securities are recognised in the balance sheet as follows:		
Non-current assets	11	12
Current assets	33	33
	44	**45**

Invested capital

Note 15 Acquisitions

	Principal activity	Acquisition date	Ownership interest acquired %	Voting share acquired %
During the financial year, the group acquired the following companies:				
2022/23				
SELO Group	Sale of casings	18.04.2023	70%	70%
NordicSpoor A/S (Trendline activity)	Sale of leather	01.10.2022	N/A	N/A
SPF-Danmark A/S (Rosgaard activity)	Transportation	06.06.2023	N/A	N/A
2021/22				
Charkuterifabriken Sverige Holding AB	Food production	11.01.2022	100%	100%
Fastighet Fregotten 1 Halmstad AB	Real estate	11.01.2022	100%	100%
In Foods ApS	Food production	01.12.2021	80%	80%
Kolding Export Center A/S	Export stable	07.09.2022	51%	51%

The group did not sell any companies during 2022/23 or 2021/22.

The acquisitions made in 2022/23 and 2021/22 all serve to strengthen the group's primary business activities and are important for the group to achieve its strategy of higher added value of its raw materials. In connection with acquisitions made in 2022/23, goodwill totalling DKK 20 million was recognised. Of the capitalised goodwill amount, DKK 0 million is expected to be tax deductible. As described in note 10, it has not been necessary to make an impairment charge of the capitalised goodwill amounts.

The consideration paid in connection with the acquisitions exceeds the fair value of acquired identifiable assets, liabilities and contingent liabilities. This positive difference (goodwill) is primarily based on expected synergies between the activities of the acquired businesses and the group's existing activities, future growth potential and the staff of the businesses. These synergies are not recognised separately from goodwill because they are not separately identifiable.

Of the group's profit for the year, DKK 2 million is attributable to results generated in acquired businesses. Of the group's revenue, DKK 61 million is attributable to acquired businesses.

If the acquired businesses had been acquired effective 1 October 2022, revenue for 2022/23 would have been approximately DKK 136 million, and profit for the year around DKK 9 million in the acquired businesses. Management believes that these pro forma figures reflect the level of earnings in the group after the acquisition of the businesses and that these amounts should therefore be used as a basis for comparison in subsequent financial years.

In the computation of the pro forma revenue and the pro forma profit for the year, the following significant assumptions have been used:
- Depreciation of property, plant and equipment and amortisation of intangible assets was calculated on the basis of the carrying amounts of the acquisition balance sheet rather than the original carrying amounts.
- Financial expenses were calculated on the basis of the group's financing need, credit assessments and debt/equity ratio following the business combinations.

In connection with the acquisition of the activities in the acquired businesses, transaction costs of DKK 1 million were incurred. Transaction costs include adviser fees and legal fees, which are recognised as administrative expenses.

Consideration DKKm	2022/23	2021/22
Intangible assets	12	51
Property, plant and equipment and lease assets	14	302
Other non-current assets	0	2
Non-current assets	**26**	**355**
Inventories	39	32
Trade receivables	22	35
Other current assets	0	8
Current assets	**61**	**75**
Non-current liabilities	**-14**	**-165**
Trade payables	-24	-66
Other current liabilities	-7	-71
Current liabilities	**-31**	**-137**
Net assets acquired	**42**	**128**
Goodwill	20	131
Non-controlling interests	-8	-5
Total consideration	**54**	**254**
Acquired cash in hand and at bank	1	1
Cash consideration	**55**	**255**
Of which to be paid during the next financial years	0	-9
Payment related to business acquisitions during previous financial years	9	0
Total payment during the financial year related to business acquisitions	**64**	**246**

Invested capital

Note 16 Other provisions

DKKm	Employee-related	Specific require-ments	Restruc-turing costs etc.	Other	Total
Other provisions at 1 October 2022	84	87	24	94	289
Foreign currency translation adjustments	1	0	0	0	1
Provisions for the year	66	0	140	4	210
Utilised during the year	-12	0	-71	-15	-98
Reversal of unutilised provision	-10	-42	-20	-31	-103
Other provisions 30 September 2023	**129**	**45**	**73**	**52**	**299**
Other provisions at 1 October 2021	83	95	29	82	289
Transferred	0	-29	0	29	0
Foreign currency translation adjustments	-1	0	0	0	-1
Provision for the year	22	21	0	24	67
Utilised during the year	-5	0	0	-15	-20
Reversal of unutilised provision	-15	0	-5	-26	-46
Other provisions at 30 September 2022	**84**	**87**	**24**	**94**	**289**

Other provisions can be specified by maturity as follows:

	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
30 September 2023	**187**	**50**	**62**	**299**
30 September 2022	**143**	**83**	**63**	**289**

The provisions were made based on the latest information available. The group believes that the risk in the individual areas has been fully provided for and that it will not require additional provisions.

Note 17 Deferred tax

DKKm	30.09.2023	30.09.2022
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	96	121
Deferred tax liabilities	-551	-520
	-455	**-399**
Tax value of non-recognised deferred tax assets	**393**	**277**
The expiry dates of tax losses to be carried forward can be specified as follows:		
No expiry date	598	402
Expiry within 1 year	71	0
Expiry between 1 and 5 years	546	539
Expiry after 5 years	0	1
	1,215	**942**

The tax value of tax losses amounting to DKK 320 million (2021/22: DKK 244 million) was not recognised as it was not deemed sufficiently probable that the losses will be utilised in the foreseeable future.

The temporary exception from the requirement to account for deferred taxes arising from the implementation of the Pillar Two model rules (including any qualified domestic minimum top-up tax) has been applied.

Invested capital

Note 17 Deferred tax – continued

2022/23 DKKm	Deferred tax at 01.10.2022	Foreign currency translation adjustment	Changes in respect of previous years	Recognised in net profit for the year	Recognised in other comprehensive income	Additions on acquisition	Change in tax rate	Deferred tax at 30.09.2023
Intangible assets	-103	1	4	-19	0	0	0	-117
Property, plant and equipment	-86	1	-13	0	0	0	1	-97
Financial assets	3	0	0	0	0	0	0	3
Current assets	57	0	-1	-39	-1	0	0	16
Non-current liabilities	-156	0	-11	1	0	0	0	-166
Current liabilities	158	3	19	40	-1	0	-1	218
Tax losses carried forward	244	-18	-12	106	0	0	0	320
	117	**-13**	**-14**	**89**	**-2**	**0**	**0**	**177**
Write-down of tax assets and provision for uncertain tax positions	-516	18	12	-146	0	0	0	-632
	-399	**5**	**-2**	**-57**	**-2**	**0**	**0**	**-455**

2021/22 DKKm	Deferred tax at 01.10.2021	Foreign currency translation adjustment	Changes in respect of previous years	Recognised in net profit for the year	Recognised in other comprehensive income	Additions on acquisition	Change in tax rate	Deferred tax at 30.09.2022
Intangible assets	-94	-2	6	-3	0	-10	0	-103
Property, plant and equipment	137	5	-150	-54	0	-25	1	-86
Financial assets	0	1	0	2	0	0	0	3
Current assets	49	-2	-7	17	0	0	0	57
Non-current liabilities	-46	-3	-13	-93	0	0	-1	-156
Current liabilities	84	-2	65	5	-3	10	-1	158
Tax losses carried forward	167	7	-39	107	0	2	0	244
	297	**4**	**-138**	**-19**	**-3**	**-23**	**-1**	**117**
Write-down of tax assets and provision for uncertain tax positions	-449	-6	15	-74	0	-2	0	-516
	-152	**-2**	**-123**	**-93**	**-3**	**-25**	**-1**	**-399**

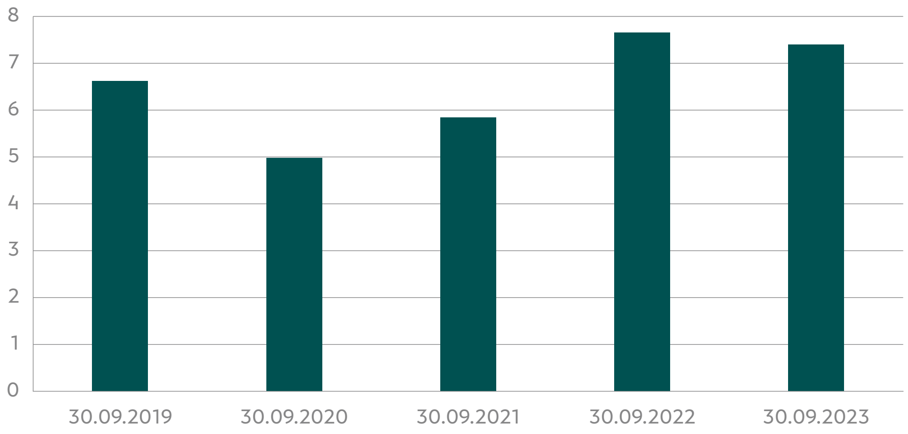
Deferred tax assets and deferred tax liabilities are set off in the balance sheet when a legal right of set-off exists, and the deferred tax asset and deferred tax liabilities concern the same legal tax unit/consolidation.

Net working capital

Calculation of net working capital

DKKm	Note	30.09.2023	30.09.2022
Inventories	18	5,844	5,874
Biological assets	19	33	30
Trade receivables	20	7,153	7,626
Receivables from associates		42	21
Income tax receivable		105	0
Other receivables		979	1,059
Prepayments		150	134
Trade payables		-4,040	-4,445
Payables to associates		-36	-85
Income tax payable		0	-146
Other payables		-2,795	-2,353
Deferred income		-37	-56
		7,398	**7,659**

Development in net working capital past 5 years, DKKbn



Note 18 Inventories

DKKm	30.09.2023	30.09.2022
Raw materials and consumables	943	887
Semi-finished goods	630	539
Finished goods and goods for resale	4.271	4,448
	5,844	**5,874**
Cost of sales	46,012	41,924
Net write-down for the year of inventories recognised as income (-) or expenses (+) in the income statement	-143	-37

Note 19 Biological assets

DKKm	30.09.2023	30.09.2022
Slaughter pigs	24	21
Land holdings	5	7
Other	4	2
	33	**30**
No. of slaughter pigs	13,445	14,956
No. of sows and boars	1,231	1,260
Kg produced ('000) during the year	2,319	2,847

Net working capital

Note 20 Trade receivables

DKKm	30.09.2023	30.09.2022
Trade receivables (gross)	**7,201**	**7,693**
Write-down for bad debts at 1 October	-67	-72
Foreign currency translation adjustments	-1	1
Realised losses for the year	14	5
Reversed provisions	13	9
Provisions for bad debts for the year	-7	-10
Write-down for bad debts at 30 September	**-48**	**-67**
Trade receivables (net)	**7,153**	**7,626**

DKKm	Loss rate	Gross receivables 30.09.2023	Expected loss	Net receivables 30.09.2023	Net receivables 30.09.2022
Not due	0.1	6,387	6	6,381	6,619
Less than 30 days overdue	0.2	635	1	634	776
Between 30 and 90 days overdue	2.0	83	2	81	151
More than 90 days overdue	25.0	76	19	57	80
		7,181	**28**	**7,153**	**7,626**

The maximum credit risk on receivables more than 30 days overdue, but not written down, is DKK 33 million (30.09.2022: DKK 39 million).

The primary credit risk of the group concerns trade receivables. The payment terms stated in the group's sales contracts with customers are based on the underlying performance obligation and customer relations. The group's payment terms comprise short-term credits averaging approximately 35 days. No sales with significant long payment terms exist.

Customers are credit-rated individually, and based on an overall assessment of the customer's ability to pay and geographical location, a decision is made on the use of credit insurance, letters of credit, prepayments or open credit terms. For customers with outstanding balances exceeding DKK 25 million, credit insurance must be taken out unless the customer has a credit rating of A or higher with a reputable rating agency.

Receivables are written down, partly on the basis of the simplified expected credit loss model, and partly on the basis of an individual assessment of whether the individual debtor's solvency is reduced, for example as a result of suspension of payments or bankruptcy.

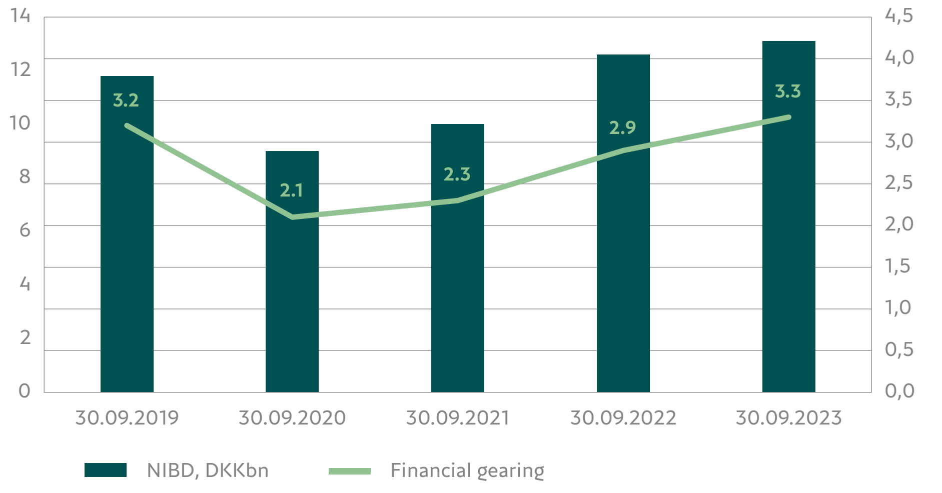
Individual receivables are written down to the calculated net realisable value. The carrying amount of receivables written down to net realisable value based on an individual assessment is DKK 20 million (30.09.2022: DKK 29 million).

Financing

Calculation of financial gearing

DKKm	Note	30.09.2023	30.09.2022
Mortgage debt	21	2,315	2,502
Other debt, issued bonds	21	5,121	3,573
Other credit institutions	21	2,360	1,831
Bank debt	21	3,012	4,631
Lease debt	21	741	730
Receivables from and prepayments to cooperative owners		-253	-309
Cash and short-term securities		-188	-352
Net interest-bearing debt (NIBD)		**13,108**	**12,606**
Operating profit before special items (EBIT)		2,398	2,885
Depreciation, amortisation and impairment	4	1,547	1,537
EBITDA		**3,945**	**4,422**
Financial gearing		**3.3**	**2.9**

Development in financial gearing past 5 years



Capital structure
The company's management assesses on an on-going basis whether the group's capital structure matches the company's and the owners' interests. The overall target is to ensure a capital structure which supports long-term financial growth and, at the same time, maximises the return for the group's stakeholders by optimising the debt-equity ratio. The group's overall strategy is consistent with that of last year.

The group's capital structure includes debt, comprising financial liabilities in the form of mortgage debt, bank debt, finance lease liabilities, receivables from cooperative owners, cash and equity, including cooperative owner's accounts, owner's accounts, other reserves and retained earnings.

Financing

Note 21 Loans

Loans can be specified by maturity as follows:

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
30.09.2023				
Mortgage debt	135	551	1,629	2,315
Other debt, issued bonds	246	4,875	0	5,121
Other credit institutions	2,073	287	0	2,360
Bank debt	1,425	1,587	0	3,012
Lease debt	186	327	228	741
	4,065	**7,627**	**1,857**	**13,549**
30.09.2022				
Mortgage debt	181	553	1,768	2,502
Other debt, issued bonds	1,415	1,853	305	3,573
Other credit institutions	1,208	623	0	1,831
Bank debt	357	4,274	0	4,631
Lease debt	184	340	206	730
	3,345	**7,643**	**2,279**	**13,267**

Note 22 Lease liabilities

DKKm	30.09.2023	30.09.2022
Total undiscounted future minimum lease payments under capitalised non-cancellable leases (operating equipment and rent) break down as follows:		
Within 1 year of the balance sheet date	183	171
Between 1 and 5 years from the balance sheet date	327	335
More than 5 years after the balance sheet date	306	313
	816	**819**

DKKm	2022/23	2021/22
Total future cash flows according to leases concerning variable lease payments, options, residual value guarantees, leases that have not yet come into force, short-term leases and other non-recognised components	38	45

DKKm	2022/23	2021/22
Total lease expenses recognised in profit for the year		
Expenses relating to short-term leases	33	28
Expenses relating to low-value lease assets which are not part of short-term leases	7	8
Expenses relating to variable lease payments which are not a part of lease liabilities	1	1
	41	**37**

Lease assets are described in note 12.

Financing

Note 23 Financial risks

Financial risks are managed at group level in accordance with the group's treasury policy. The treasury policy is updated once every year and approved by the Board of Directors.

There have been no changes to the group's risk exposure or risk management relative to the previous financial year.

The group's principal risks	Note	How the group manages these risks
Currency risks	23.1	Hedged using foreign currency loans and overdrafts and forward exchange contracts.
Interest rate risks	23.2	Hedged using hedging instruments and fixed-rate commitments.
Liquidity risks	23.3	Entering into long-term commitments with a credit facility option.
Credit risks	23.4	Credit insurance and ongoing credit management.

The group hedges commercial risks only and does not engage in derivative financial transactions for speculation purposes. The four following notes provide details of the group's most important financial risks and the group's management thereof.

Note 23.1 Currency risk

Currency risks in respect of assets and liabilities and future cash flows

The group's business activities result in exposure to future exchange rate changes. The group's currency policy is to regularly hedge the commercial risk that exchange rate changes affect future cash flows in DKK.

The commercial risk of exchange rate changes arises as a result of differences in exchange rates from the time of raising of cash and cash equivalents, securities, receivables, trade payables and other payables in foreign currency until these amounts are paid. Moreover, the commercial risk arises as a result of the impact on expected future sales, where expected future sales are sales orders concluded and specific expected sales in the short term.

To hedge recognised and non-recognised transactions, the group uses hedging instruments in the form of foreign currency overdrafts and loans and forward exchange contracts. The hedging of recognised assets and liabilities primarily comprises cash and cash equivalents, securities, receivables and financial liabilities.

At the balance sheet date, the fair value of the group's derivative financial instruments hedging the currency risk regarding recognised financial assets and liabilities was DKK -24 million (30 September 2022: DKK -40 million). The fair value of the derivative financial instruments is recognised under other payables/other receivables and set off against the foreign currency translation adjustments of the hedged assets and liabilities in the statement of comprehensive income.

The hedging of expected future cash flows is treated as a cash flow hedge, meaning that the fair value adjustment of the hedging instruments used is made through other comprehensive income. Fair value adjustment of hedging instruments used to hedge specific expected sales in the short term is calculated on the basis of the value of such sales.

The hedging of sales orders concluded is treated as a fair value hedge, meaning that the fair value adjustment of the hedged orders and the hedging instruments used is made through profit and loss.

If the group has concluded foreign currency hedging agreements which do not qualify as hedge accounting, such agreements are treated as trading portfolios, recognising fair value adjustments continuously through profit and loss.

Open forward exchange contracts at the balance sheet date have a term to maturity of up to 12 months and can be specified as described in the table on page 90 where agreements on the sale of currency are stated with a positive contractual value.

The group has performed a systematic review of contracts which may contain conditions making the contract or parts of it a derivative financial instrument. The review did not give rise to any recognition of derivative financial instruments.

Financing

Note 23.1 Currency risk – continued

Hedging of net investments in foreign subsidiaries
In addition to the commercial currency risk, Danish Crown has a number of investments in foreign subsidiaries and is exposed to exchange rate fluctuations in connection with the translation of these subsidiaries' equity to DKK. The group hedges some of this currency risk by raising loans in the relevant currency. This applies to net investments in EUR, GBP, SEK, USD and PLN.

The change in the foreign currency translation adjustment of these financial instruments (debt instruments) hedging the currency risk concerning investments in foreign currency is recognised in other comprehensive income. To the extent that the fair value adjustment does not exceed the value adjustment of the investment, adjustments of these financial instruments are made through other comprehensive income; otherwise the fair value adjustment is recognised in the income statement.

At the balance sheet date, DKK 22 million (30 September 2022: DKK -23 million) was recognised in other comprehensive income concerning fair value adjustment of instruments to hedge net investments and loans classified as additions to net investments.

There were no ineffective hedges in the present or previous financial years.

At the balance sheet date, the fair value of the cumulative market value adjustments of instruments hedging net investments amounted to DKK 111 million (30 September 2022: DKK 89 million).

Currency sensitivity analysis
The group's most important currency exposure with regard to sales concerns EUR, GBP, JPY, SEK and USD. Exchange rate fluctuations in respect of these currencies will not impact the group's financial results significantly as commercial currency positions are hedged in accordance with the group's risk policy, meaning that sales and net positions in the balance sheet are hedged.

The table on the right shows the effect it would have had on net profit and equity if the exchange rate of the most important currencies carrying a risk of significant exchange rate fluctuations had been 10 per cent lower than the exchange rate actually applied. If the exchange rate had been 10 per cent higher than the actual exchange rate, this would have had a corresponding positive effect on net profit and equity.

In the preparation of the sensitivity analysis, it is assumed that all hedges are assessed to be 100 per cent effective.

	Effect on net profit		Effect on equity	
DKKm	**30.09.2023**	**30.09.2022**	**30.09.2023**	**30.09.2022**
Effect if EUR exchange rate was 10% lower than actual exchange rate	58	-11	58	-11
Effect if GBP exchange rate was 10% lower than actual exchange rate	-4	-4	-26	-11
Effect if JPY exchange rate was 10% lower than actual exchange rate	0	0	0	-11
Effect if SEK exchange rate was 10% lower than actual exchange rate	-1	-1	-1	-1
Effect if USD exchange rate was 10% lower than actual exchange rate	3	-6	1	-48
Effect if other exchange rates were 10% lower than actual exchange rates	-5	-2	-5	-4

Financing

Note 23.1 Currency risk – continued

DKKm	Cash and cash equivalents and securities	Receivables and expected sales	Trade payables and other payables	Commercial risk	Of which hedged by loans and overdrafts	Of which hedged by forward exchange contracts	Unhedged net position
EUR	0	2,710	-1,202	1,508	-2,261	8	-745
GBP	2	999	-7	994	-475	-470	49
JPY	0	452	0	452	-96	-350	6
SEK	0	65	-8	57	260	-307	10
USD	0	2,365	-588	1,777	324	-2,137	-36
Other currencies	41	395	-88	348	195	-475	68
30 September 2023	**43**	**6,986**	**-1,893**	**5,136**	**-2,053**	**-3,731**	**-648**
EUR	0	2,332	-1,196	1,136	-1,024	35	147
GBP	0	904	-21	883	-749	-84	50
JPY	1	623	-1	623	-66	-554	3
SEK	0	94	-10	84	-58	-17	9
USD	0	4,434	-749	3,685	-15	-3,595	75
Other currencies	31	505	-71	465	148	-583	30
30 September 2022	**32**	**8,892**	**-2,048**	**6,876**	**-1,764**	**-4,798**	**314**

	Hedging of future cash flows		Fair value hedging		Non-fulfilment of hedging criteria	
DKKm	Contractual value	Fair value adjustment, recognised in equity	Contractual value	Fair value	Contractual value	Fair value
Forward exchange contracts EUR	0	0	-7	0	-1	0
Forward exchange contracts GBP	288	0	182	-1	0	0
Forward exchange contracts JPY	0	0	350	5	0	0
Forward exchange contracts SEK	0	0	307	-4	0	0
Forward exchange contracts USD	30	0	2,130	-25	-23	0
Forward exchange contracts, other	0	0	475	1	0	0
30 September 2023	**318**	**0**	**3,437**	**-24**	**-24**	**0**
Forward exchange contracts EUR	0	0	-13	0	-22	0
Forward exchange contracts GBP	84	0	0	0	0	0
Forward exchange contracts JPY	142	0	412	-2	0	0
Forward exchange contracts SEK	0	0	17	0	0	0
Forward exchange contracts USD	534	-7	3,076	-43	-15	0
Forward exchange contracts, other	20	0	563	5	0	0
30 September 2022	**780**	**-7**	**4,055**	**-40**	**-37**	**0**

Financing

Note 23.2 Interest rate risk

The Danish Crown Group has, to a wide extent, interest-bearing financial assets and liabilities and is as such exposed to interest rate risk.

We aim to ensure a reasonable balance between the group's exposure to floating and fixed interest rates. Significant changes to the mix of floating and fixed interest rates must be approved by the Board of Directors.

The group can show its financial assets and liabilities broken down by interest-reset or maturity dates, whichever occurs first, as interest-bearing assets and liabilities falling due after one year are considered to carry a fixed interest rate as shown in the table on the right-hand side of this page.

Sensitivity analysis
Interest rate fluctuations affect the group's bond portfolios, floating-rate bank deposits, mortgage debt and other payables. An increase in interest rate levels of 1 percentage point per year relative to the interest rate level at the balance sheet date would have resulted in a decrease in the group's net profit and equity of DKK 85 million (2021/22: DKK 83 million). A corresponding decrease in interest rate levels would have had an equivalent positive effect on the group's net profit and equity.

The group aims to ensure a reasonable balance between the group's exposure to floating and fixed interest rates. The interest rate risk constitutes the annual change in financial cash flows entailed in the event of a 1 percentage point change in interest rates.

The following assumptions were applied when preparing the sensitivity analysis:
- Sensitivities are based on financial assets and liabilities recognised at 30 September 2023. Future instalments, raising of loans etc. during the course of the year have not been taken into consideration.
- All hedges of floating-rate loans are deemed to be 100 per cent effective.

Fair value of payables
The fair value of mortgage debt, debt to other credit institutions and bank debt has been calculated at the present value of future instalments and interest payments by using the current interest rate curve derived from current market rates (level 2). The fair value of the interest rate swaps outstanding at the balance sheet date hedging interest rate risks on floating-rate loans amounts to DKK 0 million (30 September 2022: DKK 9 million) (level 2).

The group's bank deposits are placed in current accounts or fixed-term deposit accounts.

Sale and repurchase transactions in respect of bonds (repos) entered into concurrently with the raising of bond loans in the same series are classified as derivative financial instruments, with bonds being the underlying assets. At 30 September 2023, such sale and repurchase transactions with a nominal value of DKK 2,994 million (30 September 2022: DKK 3,167 million) have been entered into. The fair value of the derivative financial instruments is immaterial.

DKKm	Within 1 year	Between 1 and 5 years	After 5 years	Total	Fair value
Bonds	-33	0	0	-33	-33
Bank deposits	-155	0	0	-155	-155
Mortgage debt	2,099	56	160	2,315	2,374
Other debt, issued bonds	2,917	2,204	0	5,121	5,121
Other credit institutions	2,360	0	0	2,360	2,360
Bank debt	3,012	0	0	3,012	3,012
Finance lease liabilities	699	42	0	741	724
Interest rate swaps, fixed rate	0	0	0	0	0
30 September 2023	**10,899**	**2,302**	**160**	**13,361**	**13,403**
Bonds	-33	0	0	-33	-33
Bank deposits	-319	0	0	-319	-319
Mortgage debt	2,271	56	175	2,502	2,677
Other debt, issued bonds	1,415	1,853	305	3,573	3,573
Other credit institutions	1,209	622	0	1,831	1,831
Bank debt	4,631	0	0	4,631	4,631
Finance lease liabilities	687	42	1	730	702
Interest rate swaps, fixed rate	0	0	0	0	-9
30 September 2022	**9,861**	**2,573**	**481**	**12,915**	**13,053**

Financing

Note 23.3 Liquidity risk

The group is exposed to unforeseen fluctuations in liquidity outflows.

The group's strategy is to have an overweight of long-term commitments to ensure financing stability. The group's strategy is also to have enough cash resources to be able to make the necessary arrangements in the event of unforeseen fluctuations in the outflow of cash. In connection with the raising of loans etc., it is group policy to ensure the greatest possible flexibility through a spreading of the loans in relation to maturity, renegotiation dates and counterparties, taking into account pricing etc.

The maturities of financial liabilities are specified by the time intervals applied in the group's cash management. The amounts specified in the table on the right are the amounts falling due for payment including interest, etc. The table thus shows the amounts which the Danish Crown Group is contractually committed to pay within 1 year, between 1 and 5 years and after 5 years.

Non-performance of loan agreements
The group has neither during the financial year nor during the year of comparison been in arrears with or defaulted on any of its loan agreements.

DKKm	30.09.2023	30.09.2022
Cash resources comprise:		
Cash	155	319
Unutilised credit facilities	5,039	2,844
	5,194	**3,163**

To ensure sufficient liquidity until 30 September 2024 the group is dependent on refinancing of DKK 3 billion which is in process and expected to be closed in December 2023.

Undiscounted future contractual cash flows

DKKm	Within 1 year	Between 1 and 5 years	After 5 years	Total
Non-derivative financial liabilities				
Mortgage debt	176	693	1,860	2,729
Other debt, issued bonds	496	5,614	0	6,110
Other credit institutions	2,187	314	0	2,501
Bank debt	1,543	1,579	0	3,122
Finance lease liabilities	198	378	338	914
Trade payables	4,040	0	0	4,040
Other payables	2,768	0	0	2,768
	11,408	**8,578**	**2,198**	**22,184**
Derivative financial instruments				
Derivative financial instruments hedging the fair value of recognised assets and liabilities	27	0	0	27
Derivative financial instruments hedging future cash flows	0	0	0	0
30 September 2023	**11,435**	**8,578**	**2,198**	**22,211**
Non-derivative financial liabilities				
Mortgage debt	223	705	1,636	2,564
Other debt, issued bonds	1,517	2,084	317	3,918
Other credit institutions	1,233	639	0	1,872
Bank debt	476	4,372	0	4,848
Finance lease liabilities	175	391	338	904
Trade payables	4,445	0	0	4,445
Other payables	2,315	0	0	2,315
	10,384	**8,191**	**2,291**	**20,866**
Derivative financial instruments				
Derivative financial instruments hedging the fair value of recognised assets and liabilities	40	0	0	40
Derivative financial instruments hedging future cash flows	-2	0	0	-2
30 September 2022	**10,422**	**8,191**	**2,291**	**20,904**

Financing

Note 23.4 Credit risk

The primary credit risk of the group concerns trade receivables. See note 20 for additional information on credit risk relating to trade receivables.

Agreements on derivative financial instruments with a nominal value exceeding DKK 100 million are generally only concluded with reputable insurance or credit institutions with a credit rating of A or higher with Standard & Poor's.

Note 24 Categories of financial instruments

DKKm	30.09.2023	30.09.2022
Other securities and equity investments	44	45
Financial assets measured at fair value through profit and loss	**44**	**45**
Derivative financial instruments hedging the fair value of recognised assets and liabilities	3	23
Derivative financial instruments hedging future cash flows	0	10
Financial assets used as hedging instruments	**3**	**33**
Trade receivables	7,153	7,626
Receivables from and prepayments to cooperative owners	253	309
Receivables from associates	42	21
Other receivables	976	1,026
Cash	155	319
Loans and receivables	**8,579**	**9,301**
Other liabilities	0	0
Financial liabilities measured at fair value through profit and loss	**0**	**0**
Financial liabilities used as hedging instruments of net investments in foreign subsidiaries	4,057	3,925
Derivative financial instruments hedging the fair value of recognised assets and liabilities	27	63
Derivative financial instruments hedging future cash flows	0	8
Financial liabilities used as hedging instruments	**4,084**	**3,996**
Mortgage debt	2,315	2,502
Other debt, issued bonds	5,121	3,573
Other credit institutions	2,360	1,831
Bank debt	-1,045	706
Lease liabilities	741	730
Trade payables	4,040	4,445
Payables to associates	36	85
Other payables	2,768	2,282
Financial liabilities measured at amortised cost	**16,336**	**16,154**

Financing

Note 25 Fair value of financial instruments

The fair value of financial liabilities and bank deposits, which are not measured at fair value, are disclosed in note 23.2. The fair value of receivables, trade payables, payables to associates and other payables is assumed to equal the recognised values.

Fair value hierarchy for financial instruments measured at fair value in the balance sheet
The table on the right shows the classification of financial instruments measured at fair value, distributed according to the fair value hierarchy:

- Quoted prices in an active market for identical instruments (level 1).
- Quoted prices in an active market for similar assets or liabilities or other valuation methods according to which all important inputs are based on observable market data (level 2).
- Valuation methods according to which any important inputs are not based on observable market data (level 3).

Methodology and assumptions for the calculation of fair values
Listed bonds and shares
The portfolio of listed government bonds, mortgage bonds and shares is measured at quoted prices and price quotes.

Unlisted shares
Unlisted shares are measured on the basis of market multiples for a group of comparable listed companies less an estimated factor for trading in an unlisted market. If this is not possible, unlisted shares are measured at cost.

Derivative financial instruments
Forward exchange contracts and interest rate swaps are measured on the basis of generally accepted valuation methods based on relevant observable swap curves and foreign exchange rates.

DKKm	30.09.2023	30.09.2022
The group has a few financial instruments measured at fair value in the balance sheet on the basis of valuation methods according to which any important inputs are not based on observable market data (level 3): Developments in these financial instruments may be illustrated as follows:		
Carrying amount at 1 October	5	6
Purchase	0	4
Sale	0	-5
Carrying amount at 30 September	**5**	**5**
Gain/loss included in net profit for the year for assets held at 30 September	**0**	**0**

DKKm	Level 1	Level 2	Level 3	Total
30 September 2023				
Derivatives included in the trading portfolio	0	0	0	0
Listed bonds	0	0	0	0
Unlisted shares	0	0	5	5
Financial assets measured at fair value through profit and loss	**0**	**0**	**5**	**5**
Financial assets used as hedging instruments	**0**	**3**	**0**	**3**
Other liabilities	0	0	0	0
Financial liabilities measured at fair value through profit and loss	**0**	**0**	**0**	**0**
Financial liabilities used as hedging instruments	**0**	**27**	**0**	**27**
30 September 2022				
Derivatives included in the trading portfolio	0	0	0	0
Listed bonds	0	0	0	0
Unlisted shares	0	0	5	5
Financial assets measured at fair value through profit and loss	**0**	**0**	**5**	**5**
Financial assets used as hedging instruments	**0**	**33**	**0**	**33**
Other liabilities	0	0	0	0
Financial liabilities measured at fair value through profit and loss	**0**	**0**	**0**	**0**
Financial liabilities used as hedging instruments	**0**	**71**	**0**	**71**

No material transfers were made between level 1 and level 2 in the financial year.

Other notes

Note 26 Contingent liabilities

DKKm	30.09.2023	30.09.2022
Other guarantees	17	17

The group is involved in a few lawsuits and disputes. Management is of the opinion that the outcome of these will not have any significant impact on the group's financial position.

Note 27 Security

DKKm	30.09.2023	30.09.2022
The following assets have been provided as security for mortgage debt and other long-term debt:		
Nominal mortgage secured on land, buildings and production facilities etc.	3,705	3,710
Carrying amount of the above-mentioned assets	3,201	3,360

Note 28 Related parties

Leverandørselskabet Danish Crown AmbA has no related parties exercising control.

The company's related parties exercising significant influence comprise members of the Board of Directors and the Executive Board as well as members of their families.

Related parties also include enterprises in which such persons have significant interests.

Furthermore, related parties include associates, see the group structure, in which the company exercises significant influence.

Related party transactions
During the financial year, the group has engaged in the following related party transactions:

DKKm	Associates and joint ventures	Board of Directors of the parent	Executive Board of the parent	Total
2022/23				
Sale of goods	527	8	0	535
Purchase of goods	19	471	0	490
Sale of services	3	0	0	3
Purchase of services	300	0	0	300
Salaries and other remuneration	0	9	22	31
Trade receivables	41	7	0	48
Trade payables	27	11	0	38
Dividend received/supplementary payments	69	37	0	106
Cooperative owner's accounts and owner's accounts	0	37	0	37
2021/22				
Sale of goods	506	12	0	518
Purchase of goods	8	359	0	367
Sale of services	3	0	0	3
Purchase of services	407	0	0	407
Salaries and other remuneration	0	9	33	42
Trade receivables	21	5	0	26
Trade payables	73	11	0	84
Dividend received/supplementary payments	65	36	0	101
Cooperative owner's accounts and owner's accounts	0	34	0	34

No security or guarantees for balances had been provided at the balance sheet date. Both receivables and trade payables will be settled in cash.

No bad debts in respect of related parties were realised, and no provision for bad debts was made.

Other notes

Note 29 Rights and liabilities of the cooperative owners

The rights of the cooperative owners of Leverandørselskabet Danish Crown AmbA are set out in the company's articles of association. The individual cooperative owners elect representatives to the company's supreme governing body, the Board of Representatives. Members are elected to the company's Board of Directors from among the members of the Board of Representatives.

With due consideration to the company's articles of association the Board of Representatives decides on the Board of Directors' recommendation for the annual supplementary payments out of the net profit for the year. Until 2017, in accordance with the articles of association, the individual cooperative owners accumulated balances in cooperative owner's accounts which are held as the company's contributed capital. This accumulation of cooperative owner's accounts was terminated with effect from 2018. Disbursement from cooperative owners' accounts commenced in 2020/21. In addition, any distribution of profit for the year to owner's accounts by the Board of Representatives is accumulated as equity.

Disbursements from cooperative owner's accounts and owner's accounts are made in accordance with the relevant provisions of the articles of association and are adopted annually by the Board of Representatives in connection with the approval of the annual report and the adoption of appropriation. According to the articles of association, disbursements from cooperative owner's accounts and owner's accounts can only be made if deemed proper with regard to the company's creditors.

The cooperative owners are personally, jointly and severally liable for the liabilities of the parent. The liability of each cooperative owner is calculated on the basis of the deliveries made by such owner and cannot exceed DKK 25,000.

No. of cooperative owners	**30.09.2023**	**30.09.2022**
No. of cooperative owners at 1 October	5,404	5,620
Net movement	333	-216
No. of cooperative owners at 30 September	**5,737**	**5,404**

DKKm	**30.09.2023**	**30.09.2022**
Total liability	143	135
Proposed supplementary payments for the cooperative owners (incl. return on cooperative owner's accounts)	1,213	1,665

Note 30 Specifications to the cash flow statement

DKKm	**2022/23**	**2021/22**
Change in net working capital:		
Inventories	30	-1,152
Biological assets	1	-1
Trade receivables	473	-1,431
Receivables from associates	-21	-9
Other receivables	80	-245
Prepayments	-16	-17
Trade payables	-405	877
Payables to associates	-49	43
Income tax receivable/payable	-251	-14
Other payables	442	137
Deferred income	-19	3
Foreign currency translation adjustment etc.	224	149
	489	**-1,660**
Cash and cash equivalents		
Cash and bank deposits, see balance sheet	155	319
	155	**319**

DKKm	**2022/23**	**2021/22**
Liabilities in respect of financing activities		
Balance at 1 October	12,958	10,276
Loans raised	3,027	3,550
Repayment and servicing of loans	-2,739	-1,255
Lease debt raised	188	425
Repayment of lease debt	-177	-200
Debt assumed in connection with the acquisition of businesses	14	142
Foreign currency translation adjustments	25	20
Balance at 30 September	**13,296**	**12,958**

Other notes

Note 31 Accounting policies

The 2022/23 consolidated financial statements of Leverandørselskabet Danish Crown AmbA are presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial statements of class C enterprises (large), see the Danish Executive Order on IFRS issued in accordance with the Danish Financial Statements Act. Leverandørselskabet Danish Crown AmbA is a cooperative domiciled in Denmark.

The consolidated financial statements are presented in Danish kroner (DKK) rounded to the nearest DKK million, which is the presentation currency for the group's activities.

The consolidated financial statements are prepared on a historical cost basis, except for derivative financial instruments and financial assets which are recognised at fair value through profit and loss, biological assets which are also measured at fair value as well as net assets concerning discontinued assets which are measured at expected sales prices (net).

The accounting policies are unchanged from last year.

In connection with a thorough review and alignment of the group's costs broken down by functions reclassification of the comparative figures between production costs (increased by DKK 207 million), distribution costs (increased by DKK 18 million), administrative expenses (decreased by DKK 218 million), other operating income (increased by DKK 16 million), and other operating expenses (increased by DKK 9 million) in the income statement has been made, in order for the costs to be more accurately reflected in the group's functions and in a more consistent way. The reclassification has not affected EBIT.

Effects of new or amended IFRS standards
The group has implemented all new standards and interpretations in force in the EU from 1 October 2022. IASB has regularly issued a number of amendments to existing standards and new interpretations. It is Management's assessment that these changes will not have any significant impact on the consolidated financial statements.

Consolidated financial statements
The consolidated financial statements comprise Leverandørselskabet Danish Crown AmbA (the parent) and the enterprises (subsidiaries) in which the parent is deemed to exercise control. The parent is considered to exercise control in an enterprise in which it has invested if the parent is exposed or entitled to variable returns and is able to affect such returns based on its investment in the enterprise.

Enterprises in which the group, directly or indirectly, holds between 20 per cent and 50 per cent of the voting rights and exercises a significant influence, but not control, are regarded as associates. Enterprises in which the group directly or indirectly has joint control are regarded as joint ventures.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of Leverandørselskabet Danish Crown AmbA and its subsidiaries. The consolidated financial statements are prepared by combining items of a uniform nature. All financial statements used for consolidation purposes are presented in accordance with the accounting policies of the group.

On consolidation, intra-group income and expenses, accounts and dividends as well as gains and losses on transactions between the consolidated enterprises are eliminated.

The tax effect of these eliminations is taken into account.

The items in the financial statements of the subsidiaries are recognised in full in the consolidated financial statements.

Non-controlling interests
On initial recognition, non-controlling interests are either measured at fair value or at their proportionate share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business. The choice of method is made for each individual transaction. The non-controlling interests are subsequently adjusted for their proportionate share of changes in the subsidiary's equity. The comprehensive income is allocated to the non-controlling interests, even if this may cause the non-controlling interest to become negative.

Acquisition of non-controlling interests in a subsidiary and sale of non-controlling interests in a subsidiary which do not entail obtaining or losing control are treated in the consolidated financial statements as an equity transaction, and the difference between the consideration and the carrying amount is allocated to the parent's share of equity.

Any liabilities relating to put options allocated to non-controlling shareholders in subsidiaries are recognised as liabilities at the present value of the amount falling due upon exercise of the option if the group has an obligation to transfer cash and cash equivalents or other assets. The liability is deducted from equity owned by non-controlling interests, and shares of profit or loss are subsequently not transferred to non-controlling interests. On subsequent balance sheet dates, the financial liability is measured again, and any value adjustments are recognised in net financials in the income statement.

Business combinations
Newly acquired or newly established businesses are recognised in the consolidated financial statements from the date of acquisition or establishment of such businesses, respectively. The date of acquisition is the date when control of the business actually passes to the group. Businesses divested or wound up are recognised in the consolidated income statement until the date of divestment or winding up of such business, respectively. The date of divestment is the date when control of the business actually passes to a third party.

On acquisition of new businesses where the group comes to exercise control over the acquired business, the purchase method is used, according to which the identifiable assets, liabilities and contingent liabilities of the newly acquired businesses are measured at fair value on the date of acquisition. Non-current assets which are acquired with the intention to sell them are, however, measured at fair value less expected costs to sell. Restructuring costs are only recognised in the acquisition balance sheet if they constitute a liability for the acquired business. Allowance is made for the tax effect of revaluations. The purchase price of a business consists of the fair value of the consideration paid for the acquired business. If the final determination of the price is contingent on one or more future events, such events are recognised at their fair values at the date of acquisition. Costs which are directly attributable to the acquisition of the business are recognised directly in the income statement when incurred.

The excess of the consideration paid for the acquired business, the value of non-controlling interests in the acquired business and the fair value of previously acquired investments over the fair value of the acquired assets, liabilities and contingent liabilities (goodwill) is recognised as an asset under intangible assets and tested for impairment at least once a year. If the carrying amount of the asset exceeds its recoverable amount, the asset is written down to the lower recoverable amount.

If, on the date of acquisition, there is uncertainty as to the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration, initial recognition is based on provisionally determined amounts. The provisionally determined amounts can be adjusted or additional assets or liabilities can be recognised until 12 months after the acquisition to reflect new information obtained about facts and circumstances that existed at the date of acquisition and, if known, would have affected the calculation of the amounts at the date of acquisition.

Changes in estimates of contingent consideration are, as a general rule, recognised directly in the income statement. In connection with the transition to IFRS, business combinations completed before 30 September 2002 were not restated to the above-mentioned accounting policy. The carrying amount at 30 September 2002 of goodwill relating to business combinations completed before 30 September 2002 is regarded as the cost of the goodwill.

Other notes

Note 31 Accounting policies – continued

Gains or losses on the divestment or winding up of subsidiaries and associates
Gains or losses on the divestment or winding up of subsidiaries and associates which entails a loss of control or significant influence, respectively, are calculated as the difference between the fair value of the sales proceeds or the winding-up amount and the fair value of any remaining equity investments on the one hand, and the carrying amount of the net assets at the date of divestment or winding up, including goodwill, less non-controlling interests (if any) on the other. The gain or loss thus calculated is recognised in the income statement together with the accumulated foreign currency translation adjustments that are recognised in other comprehensive income.

In connection with the divestment of ownership interests in associates and jointly controlled enterprises which are fully or partly paid for by ownership interests in the acquiring company, meaning that significant influence still exists after the transaction, a specific assessment is made of the transaction. If the transaction has commercial substance, i.e. if the divestment significantly affects the future cash flows from the ownership interests in terms of risks, timing and size, the gain or loss is recognised without proportionate elimination.

Foreign currency translation
On initial recognition, transactions in currencies other than the functional currency of the individual enterprise are translated at the exchange rates applicable at the transaction date. Receivables, payables and other monetary items in foreign currencies which have not been settled at the balance sheet date are translated at the exchange rates applicable at the balance sheet date.

Exchange rate differences arising between the transaction date and the payment date and the balance sheet date, respectively, are recognised in the income statement as net financials.

Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currencies and measured on the basis of historical cost are translated at the exchange rates applicable at the transaction date. Non-monetary items which are revalued to fair value are recognised at the exchange rates applicable at the date of revaluation.

On recognition in the consolidated financial statements of enterprises reporting in a functional currency other than Danish kroner (DKK), the income statements are translated at average exchange rates unless these deviate significantly from the actual exchange rates applicable at the transaction dates. In the latter case, the actual exchange rates are used. Balance sheet items are translated at the exchange rates applicable at the balance sheet date. Goodwill is regarded as belonging to the business acquired and is translated at the exchange rate applicable at the balance sheet date.

Exchange rate differences arising on translation of the balance sheet items of foreign enterprises at the beginning of the year at the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates using the exchange rates applicable at the balance sheet date are recognised in other comprehensive income. Similarly, exchange rate differences arising as a result of changes made directly in the equity of the foreign enterprise are also recognised in other comprehensive income.

Foreign currency translation adjustments of receivables from or payables to subsidiaries which are considered part of the parent's total investment in the subsidiary in question are recognised in other comprehensive income in the consolidated financial statements.

Derivative financial instruments
On initial recognition, derivative financial instruments are measured at fair value at the settlement date.

After initial recognition, the derivative financial instruments are measured at fair value at the balance sheet date. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and qualifying for recognition as hedges of the fair value of a recognised asset, a recognised liability or a permanent order are recognised in the income statement together with changes in the value of the hedged item.

Changes in the fair value of derivative financial instruments classified as and qualifying for recognition as effective hedges of future transactions are recognised in other comprehensive income. The ineffective part is recognised immediately in the income statement. When the hedged transactions are realised, the cumulative changes are recognised as part of the cost of the transactions in question. Derivative financial instruments which do not qualify for hedge accounting are regarded as trading portfolios and measured at fair value with ongoing recognition of fair value adjustments under net financials in the income statement.

Tax
Tax for the year, which comprises current tax for the year and changes in deferred tax, is recognised in the income statement with the portion attributable to the net profit for the year and directly in equity or other comprehensive income with the portion attributable to transactions directly in equity and other comprehensive income, respectively.

Current tax liabilities and current tax receivable are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax paid on account.

Current tax liabilities or current tax receivable are recognised in the balance sheet calculated as calculated tax on the year's taxable income, adjusted for tax paid on account.

The tax rates and rules applicable at the balance sheet date are used to calculate the current tax for the year.

Deferred tax is recognised according to the balance sheet liability method on all temporary differences between the carrying amounts and tax bases of assets and liabilities, except for deferred tax on temporary differences arisen either on initial recognition of goodwill or on initial recognition of a transaction which is not a business combination, and where the temporary difference ascertained at the time of initial recognition neither affects the carrying amount nor the taxable income.

Deferred tax is recognised on temporary differences related to equity investments in subsidiaries and associates, unless the parent is able to control when the deferred tax is realised and it is likely that the deferred tax will not crystallise as current tax within a foreseeable future.

The deferred tax is calculated on the basis of the planned use of the individual asset and settlement of the individual liability, respectively.

Deferred tax assets, including the tax value of tax losses carried forward, are recognised in the balance sheet at the value at which the asset is expected to be realised, either as a set-off against deferred tax liabilities or as net tax assets for set-off against future positive taxable incomes. At each balance sheet date, it is estimated whether it is likely that sufficient future taxable income will be generated to utilise the deferred tax asset.

In connection with international trade between the group's subsidiaries, disputes may arise with local tax authorities with respect to compliance with transfer pricing rules. The group management assesses the possible outcome of such disputes, and the most likely outcome is used to calculate the resulting tax liability. Management believes that the provision for uncertain tax positions is sufficient to cover liabilities relating to non-settled disputes with local tax authorities.

The actual liabilities following the resolution of disputes may differ from the amounts provided for, however, depending on the outcome of legal disputes and settlements reached with the tax authorities in question.

Non-current assets held for sale
Non-current assets and groups of assets held for sale are presented separately as current assets in

Other notes

Note 31 Accounting policies – continued

the balance sheet. Liabilities directly related to the assets in question are presented as current liabilities in the balance sheet. Non-current assets held for sale are not depreciated but written down to the lower of fair value less expected selling costs and carrying amount.

Income statement and statement of comprehensive income

Revenue

The group's revenue comprises the sale of meat and meat-related products, primarily within four business areas: Danish Crown, Sokołów, KLS and DAT-Schaub.

The revenue rests on a single performance obligation – delivery of the goods to the customer. Consequently, the entire transaction price rests on this one performance obligation.

Revenue from the sale of goods for resale and finished goods is thus recognised in the income statement when control of the product passes to the customer. The main part of revenue is recognised when the goods are handed over to the carrier. Due to the nature of the products, the volume of returned goods is insignificant.

The revenue recognised is measured at the fair value of the agreed consideration plus export refunds and less VAT, duties and discounts.

Production costs

Production costs comprises costs incurred to generate revenue. Production costs comprise the cost of sales of enterprises engaged in trading, and manufacturing enterprises recognise costs of raw materials, including purchases from cooperative owners, consumables, production staff and maintenance as well as depreciation, amortisation and impairment of property plant and equipment, intangible assets and lease assets recognised under IFRS 16 which are used in the production process. Variable lease payments, low-value lease assets and short-term leases concerning lease assets used in production are also recognised in production costs at the time of payment or on a straight-line basis over the term of the contract. The purchase of slaughter animals from cooperative owners is recognised at the current pig and cattle prices for the year and, consequently, does not include any share of supplementary payments, which is treated as dividend.

Distribution costs

Distribution costs comprise costs incurred for the distribution of goods sold and for sales campaigns, including costs for sales and distribution staff, advertising costs as well as depreciation, amortisation of and impairment of property, plant and equipment, intangible assets and lease assets recognised under IFRS 16 which are used in the distribution process. Variable lease payments, low-value lease assets and short-term leases concerning lease assets used for distribution purposes are also recognised in distribution costs at the time of the payment or on a straight-line basis over the term of the contract.

Administrative expenses

Administrative expenses comprise costs incurred for the management and administration of the group, including costs for administrative staff and management as well as office expenses and depreciation, amortisation and impairment of property, plant and equipment, intangible assets and lease assets recognised under IFRS 16 which are used in the administration of the group. Variable lease payments, low-value lease assets and short-term leases concerning lease assets used for administrative purposes are also recognised in administration expenses at the time of payment or on a straight-line basis over the term of the contract.

Other operating income and expenses

Other operating income and expenses comprise income and expenses of a secondary nature in relation to the group's primary activities.

Government grants

Government grants are recognised when there is reasonable certainty that the conditions for receiving a grant have been met, and the grant will be received.

Government grants received to cover costs incurred are recognised proportionately in the income statement over the periods in which the related costs are recognised in the income statement. The grants are offset against the costs incurred.

Government grants related to an asset are deducted in calculating the carrying amount of the asset, and are recognised in the income statement as a reduced depreciation expense over the economic life of the asset when the asset is brought into use. If government grants are received relating to an asset which has been written off, the amount will be recognised in the income statement at the time of receipt.

Special items

Special items include significant income and expenses of a special nature in relation to the group's activities, such as basic structural adjustments as well as any related gains and losses on disposals. Special items also include other significant non-recurring amounts, for example accounting profit in connection with the assumption of control of a group company.

Net financials

Net financials comprise interest income and expenses, the interest element of lease payments, realised and unrealised capital gains and losses on securities, liabilities and transactions in foreign currencies, amortisation premiums/deductions concerning mortgage debt etc. as well as surcharges and allowances under the Danish Tax Prepayment Scheme ("acontoskatteordningen").

Interest income and interest expenses are accrued on the basis of the principal amount and the effective rate of interest. The effective rate of interest is the discount rate used to discount the expected future payments related to the financial asset or the financial liability in order for the present value of these to correspond to the carrying amount of the asset and the liability, respectively.

Dividend from equity investments is recognised when a definitive right to the dividend has been obtained. This typically takes place when the general meeting approves the distribution of dividend from the company concerned.

Balance sheet

Goodwill

On initial recognition, goodwill is recognised and measured as the excess of the cost of the business acquired, the value of non-controlling interests in the business acquired and the fair value of previously acquired equity investments over the fair value of the assets, liabilities and contingent liabilities acquired, as described in the consolidated financial statements section.

On recognition of goodwill, the goodwill amount is distributed among those of the group's activities that generate incoming cash flows (cash-generating units). The determination of cash-generating units follows the management structure and intra-group financial management and reporting in the group. Goodwill is not amortised, but is tested for impairment at least once a year as described in the section about write-down.

Other intangible assets

Intellectual property rights acquired in the form of trademarks and licences are measured at cost less accumulated amortisation and impairment. Trademarks are amortised on a straight-line basis over the useful lives, and licences are amortised over the term of agreement. If the actual useful life is shorter than the term of agreement, the asset is amortised over the shorter useful life.

Amortisation is calculated on a straight-line basis based on the following assessment of the expected useful lives of the assets:

Software:	3-5 years
Acquired trademarks:	10-20 years

Intellectual property rights acquired are written down to the lower recoverable amount, if relevant, as described in the section on impairment below.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

Other notes

Note 31 Accounting policies – continued

Cost comprises the acquisition price, costs directly related to the acquisition and the costs of preparing the asset up until such time as the asset is ready for use. For assets constructed in-house, cost comprises costs directly attributable to the construction of the asset, including materials, components, sub-suppliers and wages and salaries.

Interest expenses on loans for financing the construction of property, plant and equipment are included in cost if they relate to the construction period. Other borrowing costs are recognised in the income statement.

If the acquisition or use of the asset requires the group to incur costs for the demolition or reestablishment of the asset, the estimated costs of such measures are recognised as a provision and a part of the cost of the asset concerned, respectively.

The basis of depreciation is the cost of the asset less the residual value. The residual value is the amount expected to be obtained if the asset was sold today less selling costs if the asset already had the age and was in the condition that the asset is expected to be in at the end of its useful life. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is calculated on a straight-line basis based on the following assessment of the expected useful lives of the assets:

Land:	is not depreciated
Buildings:	20-40 years
Special installations:	10-20 years
Plant and machinery:	5-10 years
Other fixtures and fittings, tools and equipment:	3-5 years

Depreciation methods, useful lives and residual values are subject to an annual reassessment.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount as described in the section on impairment below.

Lease assets

The group leases various assets, including buildings and warehouses, retail premises, lorries, trucks and cars, etc. No leases have been made for investment purposes.

Lease assets are recognised at the commencement of the lease, which is the date on which the asset is brought into use.

The lease asset is recognised at cost corresponding to the present value of the calculated lease liability adjusted for direct costs at inception of the lease and expected re-establishment costs on expiry and lease payments made before the asset was brought into use. Lease assets are depreciated on a straight-line basis over the shorter of the term of the lease and the expected useful life of the asset and are subsequently measured at cost less accumulated depreciation and impairment. Leases have different terms to maturity, conditions, covenants and options. The maturity is determined with due consideration to all factors that would be either to the favour or disfavour of exercising an extension or termination option. Extension or termination options are only included in the term to maturity when it is deemed highly probable that these options are expected to be exercised.

The expected useful lives of lease assets are as follows:

Buildings:	20-40 years
Plant and machinery:	5-10 years
Other fixtures and fittings, tools and equipment:	3-5 years

Impairment of property, plant and equipment and intangible assets

The carrying amounts of property, plant and equipment and intangible assets with definite useful lives are reviewed at the balance sheet date to determine if there are any indications of impairment. If this is the case, the recoverable amount of the asset is calculated to determine whether the asset should be written down and, if so, the amount of the impairment loss.

The recoverable amount of goodwill is calculated annually, whether there are any indications of impairment or not.

If the asset does not generate cash flows independently of other assets, the recoverable amount is calculated for the smallest cash-generating unit in which the asset is included.

The recoverable amount of the asset or cash-generating unit is calculated as the higher of its fair value less selling costs and its value in use. When determining value in use, estimated future cash flows are discounted to present value applying a discount rate which reflects the current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset or cash-generating unit is lower than the carrying amount, the carrying amount is written down to the recoverable amount. For cash-generating units, any goodwill amounts are written down first, and any remaining impairment loss is allocated to the other assets in the unit, provided that no individual asset is written down to a value lower than its fair value less expected selling costs.

Impairment losses are recognised in profit or loss. In any subsequent reversal of impairment losses resulting from changes in the assumptions used to determine the asset's recoverable amount, the carrying amount of the asset or cash-generating unit is increased to the revalued recoverable amount, but not exceeding the carrying amount which the asset or cash-generating unit would have had, had no impairment loss been recognised. Impairment of goodwill is not reversed.

Equity investments in associates and joint ventures

Equity investments in associates and joint ventures are recognised and measured according to the equity method. This means that equity investments are measured at the proportionate share of the enterprises' equity value, calculated according to the group's accounting policies less or plus proportionate intra-group gains and losses and plus the carrying amount of goodwill.

The proportionate share of the enterprises' net financial results and elimination of unrealised proportionate intra-group gains and losses and less any impairment of goodwill is recognised in the income statement. The proportionate share of all transactions and events recognised in other comprehensive income in the associate is recognised in the other comprehensive income of the group.

Equity investments in associates and joint ventures with negative carrying amounts are measured at DKK 0. Receivables and other non-current financial assets which are regarded as part of the overall investment in the associate are written down by any remaining negative equity value. Trade receivables and other receivables are written down only if they are deemed to be irrecoverable.

A provision is recognised to cover the remaining negative equity value only if the group has a legal or constructive obligation to cover the liabilities of the enterprise in question.

The purchase method is used for the acquisition of equity investments in associates and joint ventures, as described in the above section on mergers of companies.

Other notes

Note 31 Accounting policies – continued

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus cost of transporting the goods to the place of business. The cost of manufactured goods and semi-manufactured goods comprises costs of raw materials, consumables and direct labour costs as well as fixed and variable production overheads.

Variable production overheads comprise indirect materials and labour and are distributed on the basis of estimates of the goods actually produced.

Fixed production overheads comprise costs relating to maintenance and depreciation of the machinery, factory buildings and equipment used in the production process as well as general costs for factory administration and management. Fixed production costs are distributed on the basis of the normal capacity of the technical plant.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute the sale.

Biological assets
Biological assets, which for Danish Crown means live animals, are measured at fair value if there is an active market, less expected selling costs or cost. Animals producing slaughter animals (sows, boars etc.) are measured at cost less costs relating to the impairment that arises due to the aging of the animals. As animals producing animals for slaughter are not traded, they have no market price.

Receivables
Receivables comprise trade receivables and other receivables.

On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually corresponds to nominal value less write-downs for bad debts. Write-downs for bad debts are determined on the basis of the simplified expected credit loss model, according to which the expected credit loss over the lifetime of the asset is recognised immediately in the income statement based on a historical loss rate. To this is added any additional write-downs based on knowledge of the underlying customer relations and general market conditions.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other securities and equity investments
Other securities and equity investments recognised under current assets mainly comprise listed bonds and equity investments, which are measured at fair value (market price) at the balance sheet date. Changes in fair value are recognised in the income statement under net financials.

Supplementary payment
Supplementary payments are recognised as a liability at the time of adoption at the meeting of the Board of Representatives.

Pension obligations etc.
Under the defined contribution plans, the company makes regular, defined contributions to independent pension companies and the like. The contributions are recognised in the income statement in the period in which the employees have performed the work entitling them to the pension contribution. Payments due are recognised in the balance sheet as a liability.

Under the defined benefit plans, the group is required to pay a defined benefit in connection with the comprised employees retiring, for example a fixed amount or a percentage of their final pay.

Under defined benefit plans, the net present value of vested future benefits to which the employees are entitled through past service to the group, and which will become payable under the plan, is determined annually using an actuarial valuation method. The projected unit credit method is used to determine the net present value. Net present value is calculated on the basis of market assumptions of the future development in pay levels, interest rates, inflation, mortality and disability, among other things.

The net present value of pension obligations less the fair value of any plan assets is recognised in the balance sheet under pension assets and pension obligations, respectively, depending on whether the net amount constitutes an asset or a liability, see below.

In the event of changes in the assumptions concerning the discount rate, inflation, mortality and disability or differences between the expected and realised return on plan assets, actuarial gains or losses will occur. Such gains and losses are recognised in other comprehensive income.

If the pension plan constitutes a net asset, the asset is recognised only if it equals the present value of any repayments from the plan or reductions in future contributions to the plan.

In the event of changes in the benefits that concern the employees' services in prior periods, a change will occur in the actuarially calculated net present value, which is regarded as past service cost. If the comprised employees are already entitled to the changed benefit, the change is recognised immediately in the income statement. If not, the change is recognised in the income statement over the period in which the changed benefits vest.

Other provisions
Other provisions are recognised when the group has a legal or constructive obligation resulting from events in the financial year or previous years, and it is likely that settling the obligation will result in an outflow of the group's financial resources.

Provisions are measured as the best estimate of the costs required to settle the obligations at the balance sheet date.

Provisions that are expected to be used more than a year after the balance sheet date are measured at present value.

For goods sold that are subject to a right of return, provisions are made to cover the profit on those goods which are expected to be returned and any costs relating to the returns. For planned restructurings of the group's activities, provisions are made only for liabilities concerning restructurings which had been decided at the balance sheet date.

Mortgage and bond debt
Mortgage and bond debt is measured at fair value at the time of borrowing less any transaction costs. Mortgage and bond debt is subsequently measured at amortised cost. This means that the difference between the proceeds from the borrowing and the amount which must be repaid is recognised in the income statement over the term of the loan as a financial expense using the effective interest method.

Lease liabilities
Lease liabilities are recognised at the commencement of the lease, which is the date on which the asset is brought into use.

On initial recognition of the lease liability, future cash flows are discounted using an interest rate reflecting the lease asset's category, currency in the contract and the risk assessment of the cash-generating unit which has leased the asset. Future cash flows include both fixed payments and indexed payments. If it is deemed highly probable that options on extension, termination or buyout will be exercised, such options are taken into account. Variable lease payments are recognised in profit or loss in the period to which they relate and are not included in the lease liability.

Leases have different terms to maturity, conditions, covenants and options. The maturity is determined with due consideration to all factors that would be either to the favour or disfavour of exercising an extension or termination option. Extension or

Other notes

Note 31 Accounting policies – continued

termination options are only included in the term to maturity when it is deemed highly probable that these options are expected to be exercised.

For all types of leases which are composite contracts with e.g. an associated service or maintenance contract, this contract will be accounted for separately and will not form a part of the lease liability.

On subsequent recognition, lease liabilities are measured at amortised cost.

Residual value guarantees or re-establishment/dismantling obligations are recognised as provisions.

All lease liabilities are considered on an ongoing basis with a view to determining whether reassessments should be made due to changes in underlying assumptions.

Other financial liabilities
Other financial liabilities comprise subordinated loans, bank debt, trade payables and other payables to public authorities etc.

On initial recognition, other financial liabilities are measured at fair value less any transaction costs.

The liabilities are subsequently measured at amortised cost using the effective interest method so that the difference between the proceeds and the nominal value is recognised as a financial expense in the income statement over the loan period.

Deferred income
Deferred income is income received for subsequent financial years. Deferred income is measured at cost.

Cash flow statement
The cash flow statement shows cash flows concerning operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

The effect on cash flow of acquisition and divestment of businesses is recognised separately under cash flows from investing activities. In the cash flow statement, cash flows relating to acquired businesses are recognised as from the date of acquisition, and cash flows relating to divested businesses are recognised until the date of divestment.

Cash flows from operating activities are presented according to the indirect method and are calculated as the operating profit or loss adjusted for non-cash operating items, changes in working capital as well as financial income, financial expenses and income taxes paid.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of businesses and financial assets as well as the purchase, development, improvement and sale etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes to the parent's capital and costs relating thereto as well as the raising and repayment of loans, repayment of interest-bearing debt and disbursement of supplementary payments. Cash flows from assets held under leases in the form of lease payments made are also recognised.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less any overdrafts that form an integral part of the cash management.

Segment information
The group is not listed on the stock exchange, and no segment information is disclosed according to IFRS.

In note 2, information is provided on revenue in Denmark and internationally and by business areas, markets and sales channels. However, this does not represent segment information in accordance with IFRS 8.

Definition of ratios

EBIT %	=	Operating profit before special items / Revenue
ROAIC	=	Operating profit before special items (EBIT) / Average invested capital
Solvency ratio	=	Equity / Total assets
Financial gearing	=	Net interest-bearing debt / Profit/loss before depreciation, amortisation, impairment losses, interest, tax and special items (EBITDA)
Interest cover	=	EBITDA ÷ result related to non-controlling interests / Interest expenses ÷ interest income
Net working capital days	=	Average of monthly net working capital days per month during the financial year calculated as: Net working capital at month-end / (Trailing 3 months' revenue/number of days in period)

Parent financial statements

Income statement

1 October – 30 September

		Parent	
DKKm	Note	2022/23	2021/22
Revenue	1	16,070	15,187
Production costs		-15,188	-14,136
Gross profit		**882**	**1,051**
Administrative expenses	2	-63	-56
Other operating income		0	16
Operating profit (EBIT)		**819**	**1,011**
Income from equity investments in group enterprises	5	237	794
Income from equity investments in associates	5	0	0
Financial income	3	322	181
Financial expenses		-40	-3
Profit before tax		**1,338**	**1,983**
Tax on profit for the year	4	-15	-17
Profit for the year		**1,323**	**1,966**

Proposed distribution of profit

DKKm	2022/23
Profit for the year	1,323
Total amount available for distribution	**1,323**
To be distributed as follows:	
Transferred to proposed supplementary payments for the year	
Pig suppliers 953,034,805 kg of DKK 1.10	1,048
Sow suppliers 41,636,599 kg of DKK 1.10	46
Cattle suppliers 68,099,216 kg of DKK 1.30	89
Supplementary payments from the year's operations	**1,183**
Return on cooperative owner's accounts in accordance with article 22.2 d of the articles of association	
Pig suppliers	26
Sow suppliers	1
Cattle suppliers	3
Total return on cooperative owner's accounts	**30**
Total proposed disbursement	**1,213**
Transferred to equity	
Transferred to owner's accounts	57
Transferred to retained earnings	53
Transferred to equity, total	**110**
Available for distribution, total	**1,323**

Balance sheet – assets

30 September

DKKm	Note	Parent 30.09.2023	Parent 30.09.2022
Non-current assets			
Intangible assets			
Software	6	10	3
Total intangible assets		**10**	**3**
Financial assets			
Equity investments in group enterprises		4,235	4,004
Receivables from group enterprises		2,500	2,500
Equity investments in participating interests		19	19
Total financial assets	5	**6,754**	**6,523**
Total non-current assets		**6,764**	**6,526**
Current assets			
Receivables			
Receivables from and prepayments to cooperative owners		253	309
Receivables from group enterprises		173	132
Total receivables		**426**	**441**
Cash	8	**541**	**68**
Total current assets		**967**	**509**
Total assets		**7,731**	**7,035**

Balance sheet – equity and liabilities

30 September

DKKm	Note	Parent 30.09.2023	Parent 30.09.2022
Equity			
Cooperative owner's accounts		913	1,108
Owner's accounts		934	895
Reserve for net revaluation of equity		1,463	1,229
Retained earnings		1,529	1,716
Proposed supplementary payment for the year		1,213	1,665
Total equity		**6,052**	**6,613**
Provisions			
Other provisions	7	24	24
Total provisions		**24**	**24**
Liabilities			
Non-current liabilities			
Loans	8	1,271	0
Total non-current liabilities		**1,271**	**0**
Current liabilities			
Trade payables		311	335
Payables to group enterprises		54	45
Income tax payable		12	18
Other payables		7	0
Total current liabilities		**384**	**398**
Total liabilities		**1,655**	**398**
Total equity and liabilities		**7,731**	**7,035**

Statement of changes in equity
30 September

	Parent					
DKKm	**Cooperative owner's accounts**	**Owner's accounts**	**Reserve for net revaluation of equity**	**Retained earnings**	**Proposed supplementary payments etc. for the year**	**Total**
Equity at 30 September 2021	**1,296**	**692**	**397**	**2,646**	**1,672**	**6,703**
Payments and disbursements for the year	-188	-11	0	0	-1,672	-1,871
Foreign currency translation adjustment, foreign enterprises	0	0	21	0	0	21
Other adjustments	0	0	17	-223	0	-206
Profit for the year	0	214	0	87	1,665	1,966
Transfer	0	0	794	-794	0	0
Equity at 30 September 2022	**1,108**	**895**	**1,229**	**1,716**	**1,665**	**6,613**
Payments and disbursements for the year	-195	-18	0	0	-1,665	-1,878
Foreign currency translation adjustment, foreign enterprises	0	0	-16	0	0	-16
Other adjustments	0	0	10	0	0	10
Profit for the year	0	57	0	53	1,213	1,323
Transfer	0	0	240	-240	0	0
Equity at 30 September 2023	**913**	**934**	**1,463**	**1,529**	**1,213**	**6,052**

Notes, parent

Income statement

Note 1 Revenue

DKKm	2022/23	2021/22
Distribution by market:		
Denmark	16,070	15,187
	16,070	**15,187**
Distribution by sector:		
Pigs and sows	13,962	13,166
Cattle	2,108	2,021
	16,070	**15,187**

Note 2 Staff costs

DKKm	2022/23	2021/22
Salaries and wages	33	34
Pensions	2	2
Other social security costs	1	1
	36	**37**
Staff costs are distributed as follows:		
Administrative expenses	36	37
	36	**37**
Of which:		
Remuneration for the parent's Board of Representatives	2	1
Remuneration for the parent's Board of Directors	5	5
Remuneration for the parent's Executive Board	0	0
	7	**6**
Average no. of employees	47	53

Note 3 Financial income

DKKm	2022/23	2021/22
Group enterprises	308	174
Other interest	14	7
	322	**181**

Note 4 Tax on profit for the year

DKKm	2022/23	2021/22
Calculated tax on profit for the year	15	17
	15	**17**

Tax on profit for the year is calculated on the basis of the cooperative taxation, which is based on the company's net assets and not its income.

Most of the company's profit is paid to the cooperative owners in the form of supplementary payments, which are subject to taxation for the individual cooperative owner.

Invested capital

Note 5 Financial assets

DKKm	Equity investments in group enterprises	Receivables from group enterprises	Equity investments in participating interests	Total financial assets
Cost at 01.10.2022	5,158	2,500	0	7,658
Foreign currency translation adjustments	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Cost at 30.09.2023	**5,158**	**2,500**	**0**	**7,658**
Value adjustment at 01.10.2022	-1,154	0	19	-1,135
Foreign currency translation adjustments	-16	0	0	-16
Share of net profit	237	0	0	237
Distribution during the year	0	0	0	0
Disposals	0	0	0	0
Other adjustments	10	0	0	10
Value adjustment at 30.09.2023	**-923**	**0**	**19**	**-904**
Carrying amount at 30.09.2023	**4,235**	**2,500**	**19**	**6.754**
Cost at 01.10.2021	5,158	2,500	0	7,658
Foreign currency translation adjustments	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Cost at 30.09.2022	**5,158**	**2,500**	**0**	**7,658**
Value adjustment at 01.10.2021	-1,763	0	19	-1,744
Foreign currency translation adjustments	21	0	0	21
Share of net profit	794	0	0	794
Distribution during the year	0	0	0	0
Disposals	0	0	0	0
Other adjustments	-206	0	0	-206
Value adjustment at 30.09.2022	**-1,154**	**0**	**19**	**-1,135**
Carrying amount at 30.09.2022	**4,004**	**2,500**	**19**	**6,523**

An overview of subsidiaries and associates appears from the group structure on page 113.

Note 6 Intangible assets

DKKm	Software
Cost at 01.10.2022	10
Additions	10
Cost at 30.09.2023	**20**
Amortisation and impairment at 01.10.2022	7
Amortisation for the year	3
Amortisation and impairment at 30.09.2023	**10**
Carrying amount at 30.09.2023	**10**
Cost at 01.10.2021	10
Additions	0
Cost at 30.09.2022	**10**
Amortisation and impairment at 01.10.2021	5
Amortisation for the year	2
Amortisation and impairment at 30.09.2022	**7**
Carrying amount at 30.09.2022	**3**

Note 7 Other provisions

DKKm	30.09.2023	30.09.2022
Other provisions at 01.10	24	24
Utilised during the year	0	0
Other provisions at 30.09	**24**	**24**

Other provisions comprise a provision made in respect of a foreign lawsuit. The provision is deemed to cover the company's risk in this regard and is expected to be settled within 1-5 years.

Other notes

Note 8 Cash and loans

The company is included in a cash pool arrangement with other consolidated companies with the group's bank.

Note 9 Contingent liabilities etc.

DKKm	30.09.2023	30.09.2022
Guarantees to group enterprises, maximum	18,436	14,946
Guarantees to group enterprises, utilised	13,586	12,985

Note 10 Liabilities of cooperative owners

	30.09.2023	30.09.2022
The cooperative owners are personally, jointly and severally liable for the liabilities of the parent. The liability of each cooperative owner is calculated on the basis of the deliveries made by such owner and cannot exceed DKK 25,000.		
No. of cooperative owners	5,737	5,404
DKKm		
Total liability	143	135

Note 11 Related parties

Associates and members of the Board of Directors and the Executive Management of Leverandørselskabet Danish Crown AmbA are regarded as related parties.

Since the company is a cooperative, supplies have been received from cooperative owners, including from members of the Board of Directors.

Note 12 Accounting policies

The financial statements of the parent Leverandørselskabet Danish Crown AmbA are presented in accordance with the provisions of the Danish Financial Statements Act (årsregnskabsloven) concerning reporting class C enterprises (large).

The parent financial statements are presented in Danish kroner (DKK), rounded to the nearest million kroner.

The accounting policies are unchanged from last year.

The parent generally applies the same accounting policies for recognition and measurement as the group. Where the parent's accounting policies deviate from those of the group, the policies are described below.

Intra-group business transfers
In connection with intra-group business transfers, the pooling-of-interest method is used, according to which assets and liabilities are transferred at the carrying amounts at the beginning of the financial year. The difference between the consideration paid and the carrying amount of the transferred assets and liabilities is recognised in the equity of the acquiring enterprise.

Comparative figures are restated to reflect the enterprises as if they had been combined for the entire period during which they have been under joint control.

Tax
Tax for the year is calculated on the basis of the cooperative taxation, which is based on the company's assets.

Current tax liabilities and current tax receivables are recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax paid on account.

The tax rates and rules applicable at the balance sheet date are used to calculate the current tax for the year.

Intangible assets
Goodwill/goodwill on acquisition is generally amortised over a period of 5 to 10 years; however, the amortisation period may in certain cases be up to 20 years for strategically acquired businesses with a strong market position and a long-term earnings profile if the longer period of amortisation is considered to better reflect the benefit from the relevant resources. Goodwill is not amortised in the consolidated financial statements under IFRS.

Property, plant and equipment
For assets constructed in-house, cost comprises direct and indirect costs relating to materials, components, sub-suppliers and labour. Under IFRS, indirect costs may not be recognised for assets constructed in-house.

Property, plant and equipment is depreciated on a straight-line basis over the useful lives of the assets to the expected residual value. According to the provisions of IFRS, the residual value must be reassessed on an annual basis. In the financial statements of the parent, the residual value is determined on the date of entry into service and is generally not subsequently adjusted.

Equity investments in group enterprises and participating interests
Equity investments in group enterprises and participating interests are measured according to the equity method.

The parent's share of the profits or losses of the enterprises is recognised in the income statement after elimination of unrealised intra-group profits and losses minus or plus amortisation of positive or negative goodwill on acquisition.

Net revaluation of equity investments in group enterprises and participating interests is taken to the reserve for net revaluation of equity investments if the carrying amount exceeds cost.

Cash flow statement
The consolidated financial statements contain a cash flow statement for the group as a whole, and a separate statement for the parent is therefore not included as per the exemption clause in Section 86 of the Danish Financial Statements Act.

Management's statement and auditor's report

Statement by the Board of Directors and the Executive Management on the annual report

The Board of Directors and the Executive Management have today considered and adopted the annual report of Leverandørselskabet Danish Crown AmbA for the financial year 1 October 2022 - 30 September 2023.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the disclosure requirements contained in the Danish Financial Statements Act. The management's review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent's financial statements give a true and fair view of the group's and the company's assets, liabilities and financial position at 30 September 2023 and of the results of the group's and the company's activities and the group's cash flows for the financial year 1 October 2022 - 30 September 2023.

We believe that the management's review contains a fair review of the development in the group's and the company's activities and financial affairs, net profit for the year, the company's financial position and the financial position as a whole of the enterprises included in the consolidated financial statements as well as a description of the most important risks and uncertainties facing the group and the company.

We recommend the annual report for adoption by the Board of Representatives.

Randers, 21 November 2023

Executive Board

Jais Valeur
Group CEO

Thomas Ahle
Group CFO

Tim Ørting Jørgensen
Group EVP

Board of Directors

Asger Krogsgaard
Chairman

Jonas Würtz Midtgård
Member of the Board of Directors

Peter Fallesen Ravn
Member of the Board of Directors

Palle Joest Andersen
Member of the Board of Directors

Søren Bonde
Member of the Board of Directors

Knud Jørgen Lei
Member of the Board of Directors

Karsten Willumsen
Member of the Board of Directors

Ulrik Bremholm
Member of the Board of Directors

Michael Nielsen
Member of the Board of Directors

Thomas Kjær
Member of the Board of Directors

Management's statement and auditor's report

Independent Auditor's Report

To the cooperative owners of Leverandørselskabet Danish Crown AmbA

Opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 30 September 2023 and of the results of the Group's operations and cash flows for the financial year 1 October 2022 to 30 September 2023 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 30 September 2023 and of the results of the Parent Company's operations for the financial year 1 October 2022 to 30 September 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Leverandørselskabet Danish Crown AmbA for the financial year 1 October 2022 - 30 September 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review, pages 4-66 and pages 114-115.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 21 November 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Claus Lindholm Jacobsen
State Authorised Public Accountant
mne23328

Rune Kjeldsen
State Authorised Public Accountant
mne34160

Group structure

Company name		Direct ownership interest in %
Leverandørselskabet Danish Crown AmbA	**DK**	
Danish Crown A/S	**DK**	**100**
ESS-FOOD A/S	**DK**	**100**
ESS-FOOD Brazil Servicos de Consultoria Ltda.	BR	100
Overberg Food Distributors Proprietary Limited	ZA	100
ESSFU Food (Shanghai) Company Limited	CN	80
Danish Crown Holding GmbH **)	**DE**	**100**
Danish Crown GmbH *), **)	DE	90
Danish Crown Fleisch GmbH **)	DE	100
Danish Crown Schlachtzentrum Nordfriesland GmbH *), **)	DE	90
Danish Crown Teterower Fleisch GmbH **)	DE	100
SPF-Danmark GmbH **)	DE	100
WestCrown GmbH	DE	50
Friland A/S	DK	**100**
Friland Udviklingscenter ApS	DK	100
Center for Frilandsdyr K/S *)	DK	2
Center for Frilandsdyr K/S *)	DK	48
Friland Deutschland GmbH **)	DE	100
DAT-Schaub A/S	**DK**	**100**
DAT-Schaub Portugal, Indústria Alimentar, Lda.	PT	100
DAT-Schaub France S.A.S.	FR	100
DAT-Schaub Finland Oy	FI	100
Thomeko Eesti OÜ	EE	100
DAT-Schaub AB	SE	100
DAT-Schaub (Deutschland) GmbH	DE	100
Gerhard Küpers GmbH	DE	100
DIF Organveredlung Gerhard Küpers GmbH & Co. KG ***)	DE	100
CKW Pharma-Extrakt Beteili-gungs- und Verwaltungs GmbH	DE	50
CKW Pharma-Extrakt GmbH & Co.KG ***)	DE	50
Ventrum Holding B.V.	NL	70
Selo Verpakking B.V.	NL	100
Selo Belgium BVBA	BE	100

Company name		Direct ownership interest in %
DAT-Schaub Holdings USA Inc.	US	100
DCW Casing LLC	US	100
DAT-Schaub Polska Sp. Z o.o.	PL	100
DAT-Schaub (UK) Ltd.	UK	100
Oriental Sino Limited	HK	45
Yancheng Lianyi Casing Products Co. Ltd.	CN	73
Jiangsu Chongan Plastic Manufacturing Co. Ltd.	CN	59
Yancheng Xinyu Food Products Ltd.	CN	73
Yancheng Huawei Food Products Ltd.	CN	73
DAT-Schaub Spain Holding S.L.U.	ES	100
Procesadora Insuban SpA	CL	100
Elaboradora de Subprodutos de Origem Animal do Brasil Ltda.	BR	100
BRC Tripas - Comercio de Tripas Ltda.	BR	100
Tripas de Colombia S.A.S.	CO	100
DAT-Schaub Spain S.L.U.	ES	100
DAT-Schaub Norge AS	NO	100
Shanghai Natural Casing Co., Ltd.	CN	51
Sokołów S.A.	**PL**	**100**
Sokołów-Logistyka Sp. Z o.o.	PL	100
Agro Sokołów Sp. Z o.o.	PL	100
Sokołów-Services Sp. Z o.o.	PL	100
Agro Sokołów F1 Sp. Z o.o.	PL	100
Sokołów Net Sp. Z o.o.	PL	100
KLS Ugglarps AB	**SE**	**100**
Charkprodukter i Billesholm AB	SE	100
Ingemar Johansson i Sverige AB	SE	100
Charkuterifabriken Sverige AB	SE	100
Other subsidiaries in Danish Crown A/S		
DC Pork Rønne ApS	DK	100
In Foods ApS	DK	100
NordicSpoor A/S	DK	100
Scan-Hide A/S	DK	97
Scan-Hide Sweden AB	SE	100
Slagter Munch ApS	DK	100
SPF-Danmark A/S	DK	100
Kolding Export Center A/S	DK	51

Company name		Direct ownership interest in %
Danish Crown Norway AS	NO	100
Danish Crown Jönköping AB	SE	100
Danish Crown Sweden AB	SE	100
Pölsemannen AB	SE	100
Danish Crown Foods Germany GmbH **)	DE	100
Danish Crown Foods Oldenburg GmbH **)	DE	100
Danish Crown GmbH *), **)	DE	10
Danish Crown Schlachtzentrum Nordfriesland GmbH *), **)	DE	10
Danish Crown Netherlands B.V.	NL	100
Danish Crown Haarlem B.V.	NL	100
Danish Crown UK Limited	UK	100
Leivers Brothers Ltd.	UK	100
Danish Crown GBS Sp.Z.o.o.	PL	100
Danish Crown S.A.	CH	100
Danish Crown/Beef Division S.A.	CH	100
Danish Crown France S.A.S.	FR	100
Danish Crown Division Porc S.A.S.	FR	100
Danish Crown España S.A.	ES	100
Danish Crown Italy S.r.L.	IT	100
Danish Crown USA Inc.	US	100
Danish Crown Japan Co., Ltd.	JP	100
Danish Crown Korea LLC	KR	100
Danish Crown B2B Ltd.	HK	100
Danish Crown (Shanghai) Trading Co. Ltd	CN	100
Danish Crown (China) Co. Ltd.	CN	100
Danish Crown Food (China) Co. Ltd. Shanghai Branch	CN	100
Other associates		
Daka Denmark A/S	DK	43
Agri-Norcold A/S	DK	43
Green Fertilizer Denmark ApS	DK	25
Danske Slagterier ◊)	DK	92
Svineslagteriernes Varemærkeselskab ApS ◊)	DK	92

*) Appears several times in the group structure.

**) These enterprises have exercised their right of exemption under Section 264(3) of the German Handelsgesetzbuch (HGB). The consolidated financial statements are published in Deutsche Bundesanzeiger.

***) These enterprises have exercised their right of exemption under Section 264b of the German Handelsgesetzbuch (HGB). The consolidated financial statements are published in Deutsche Bundesanzeiger.

◊) Due to provisions of the articles of association requiring important decisions to be unanimous, the group does not exercise control despite an ownership interest of more than 50 per cent.

Supporting the 2030 Agenda for Sustainable Development

At Danish Crown, we are committed to strengthening our positive contribution to the UN's 17 Sustainable Development Goals (SDGs) and taking responsibility for mitigating negative impacts throughout our value chain. We acknowledge that meat production puts pressure on the Earth's natural resources and leaves a substantial carbon footprint that we must reduce to ensure sustainable food production. This page provides an overview of the SDGs on which we have a particular impact.

Zero hunger
A growing population and increasing global demand for food require more intensive agriculture and food production.

We deliver vital proteins through nutritious and safe food to people around the world and work to promote sustainable agricultural practices in our supply chain.

Quality education
Demands for formal education are increasing in the global labour market, putting pressure on unskilled workers.

We offer young people, adults and people of different nationalities the chance to acquire skills, thus increasing the competence of the labour force.

Gender equality
Abattoirs and food-processing facilities primarily attract male employees, as does the agricultural sector.

We are working to ensure equal leadership opportunities for women at all levels of our organisation.

Clean water and sanitation
Food production processes consume large volumes of water, which may place a strain on water resources.

We strive continuously to identify new ways to minimise water consumption and reduce the organic matter in wastewater from our production and cleaning processes.

Decent work and economic growth
Working at abattoirs and food-processing facilities entails an increased risk of accidents, occupational injuries and work-related illnesses.

We create economic growth and aim to ensure decent work for all employees, protection of workers' rights and a safe working environment.

Responsible consumption and production
Food production and society's consumption patterns place a strain on natural resources and the environment.

We strive to make efficient use of natural resources, reduce our environmental impact, reduce food waste and promote sustainable practices and consumption.

Climate action
Food production is a significant contributor to greenhouse gas emissions, particularly livestock production.

We are committed to the Science Based Targets initiative (SBTi) and are working to reduce the climate impact of our operations and value chain.

Life on land
Increased food production will require large amounts of existing and new agricultural land, which may cause biodiversity loss and ecosystem degradation.

We are working to include biodiversity considerations in agriculture in our supply chain and promote responsible production of soy and palm oil.

Peace, justice and strong institutions
For all businesses, fighting corruption is an important issue given its negative impact on economic and social development around the world.

We support the principles of the UN Global Compact and use our influence to promote human rights and combat corruption in our value chain.

Partnerships for the goals
Achieving the SDGs requires extensive collaboration throughout the food chain and between industry, academia and government.

We run and participate in multi-stakeholder partnership projects to develop new solutions that can contribute to the sustainable transition of food production.

Policies and commitments related to sustainability

For a global food company like Danish Crown, it is important to have open and direct communication with consumers, business partners and food industry stakeholders. We participate in partnerships and alliances as part of our work to make Danish Crown a more sustainable producer of food. Below we have listed our commitments, selected group policies and standards related to sustainability, including our support of the UN Global Compact and the relating principles.

Selected group policies and standards related to sustainability

- Animal Welfare Policy
- Anti-Corruption Compliance Policy
- Carbon Insetting Policy
- Code of Conduct
- Codes of Practice for suppliers of sows and pigs (Denmark) and cattle (Denmark)
- Data Ethics Policy
- Data Protection Compliance Policy
- Deforestation and Land Conversion Policy
- Diversity and Inclusion Policy
- Environmental, Social and Governance (ESG) Policy
- Genetically Modified Organisms (GMO) Policy
- Public Affairs Standard
- Supplier Code of Conduct
- Tax Policy
- Whistleblower Policy

Our policies are available on www.danishcrown.com

Commitments related to sustainability

- 2030 Agenda for Sustainable Development and UN Sustainable Development Goals
- Danish Alliance for Responsible Palm Oil
- Danish Alliance for Responsible Soy
- Danish Code of Conduct on the Use of By-products
- Danish Gender Diversity Pledge
- Danish Healthy Food Council
- Danmark mod Madspild (Denmark against Food Waste)
- EU Code of Conduct on Responsible Food Business and Marketing Practices
- Roundtable on Sustainable Palm Oil
- Round Table on Responsible Soy
- Science Based Targets initiative
- Swedish Platform on Risk Commodities
- UK Modern Slavery Act
- UK Soy Manifesto
- UN Global Compact
- UN Guiding Principles on Business and Human Rights
- Vision Zero Denmark

WE SUPPORT UN GLOBAL COMPACT

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