

KLS Uóólarps Animal Welfare position statement

Contents

1. Introduction	2
2. Scope of the position paper	2
3. Our approach to animal welfare.....	3
3.1. Animal welfare baseline	3
3.2. Assurance schemes and higher welfare concepts	4
4. Key animal welfare issues	4
4.1. Close confinement	6
4.2. Routine mutilations	6
4.3. Environmental enrichment and access to outdoors	7
4.4. Cloning and use of genetically modified animals	8
4.5. Growth-promoting substances	8
4.6. Antibiotics.....	8
4.7. Mortality	9
4.8. Transport	9
4.9. Humane slaughter.....	9
5. Continuous improvement	10
5.1. Priorities and targets	10
5.2. Knowledge sharing and innovation	10
6. Animal welfare management in KLS	11
6.1. Sustainable Farming Board	11
6.2. Agriculture Supply Chain Team	11
6.3. Control at the production sites	12
6.4. Control on the farms	12

1. Introduction

KLS is the largest meat producer in Sweden. It is part of Danish Crown Group, one of the largest European meat processing companies as well as the largest meat exporter in Europe. Over the years, KLS has been working closely with its farm supply chain as well as researchers and organizations in the agricultural sector to develop a high-quality and sustainable livestock production with focus on parameters such as animal welfare, breeding and rearing, and veterinary health.

Acting as the key player on the Swedish market, we believe it is our responsibility to ensure that all animals within our supply chain are treated properly and have good lives. We are committed to driving up animal welfare standards within the business and with our suppliers. We continuously work to ensure our animals have good lives and are not denied any of the globally recognized Five Freedoms (as defined by the Farm Animal Welfare Council).

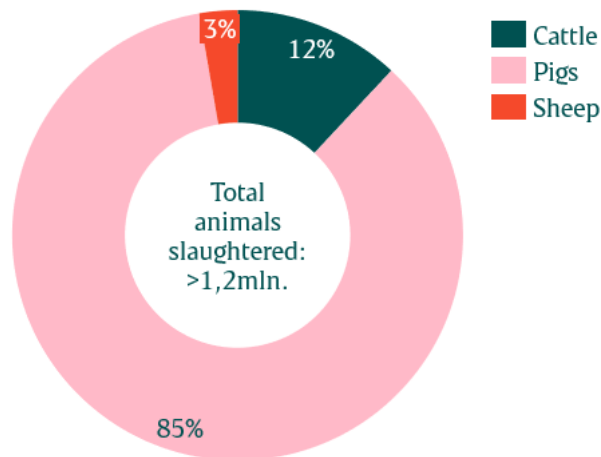
In recent years, food consumption and production have become increasingly high-focus topics, with consumers extending their interest to many more parameters than seen previously. As a response to our consumer demands, Danish Crown has developed an ambitious sustainability strategy where animal welfare and health play a strong part within our 'Sustainable Farming' program. Specific actions to achieve each of our sustainability commitments are detailed in our Sustainability Plan and progress is reported annually in Danish Crown's Sustainability Report, and KLS plays an integral part on this activity.

The Five Freedoms

- Freedom from hunger & thirst - by ready access to fresh water and a diet to maintain full health & vigor.
- Freedom from discomfort - by providing an appropriate environment including shelter and a comfortable resting area.
- Freedom from pain, injury, or disease - by prevention or rapid diagnosis and treatment
- Freedom to express normal behavior - by providing sufficient space, proper facilities, and the company of the animal's own kind.
- Freedom from fear & distress - by ensuring conditions and care which avoid mental suffering.

2. Scope of the position paper

KLS has in total 4 abattoirs: Ugglarp, Hörby, Kalmar, and Dalsjöfors, that process pigs, cattle, and sheep. In 2020, more than 1,2 million animals were processed at our sites. The diagram below shows the proportions of each species. KLS animal welfare position statement applies to all cattle, pigs, and sheep within our supply chain in Sweden, to all KLS brands as well as products for packing under a private label.



The proportions of animal species slaughtered in KLS abattoirs in 2020 (over 1mln pigs, 149.000 cattle and 34.000 sheep).

3. Our approach to animal welfare

In KLS, animal welfare has always been high on our agenda, at both farmer and corporate level. Animal wellbeing is deeply ingrained in livestock farming practices in Sweden, and the Swedish national animal welfare legislation is known to be one of the most developed in the world. For example, as something special to Sweden, farrowing crates, and sow stalls as well as tail docking are completely forbidden in pig production. Our cattle must have outdoor access in the summertime and, preferably, access to a pasture (the requirement excludes bulls, but most will have access to outdoors). These national regulations ensure very high animal welfare standards within our supply chain. And this shows in our products - the good life that our cattle have is reflected in their skin which is recognized as top quality among leather producers, because the skin of our cattle is not destroyed by body lesions, insect bites, or scratches. This results in top quality leather products, and KLS' sister company Scan-Hide now offers completely traceable hides, so that customers are guaranteed they receive products from high quality Scandinavian cattle.

3.1. Animal welfare baseline

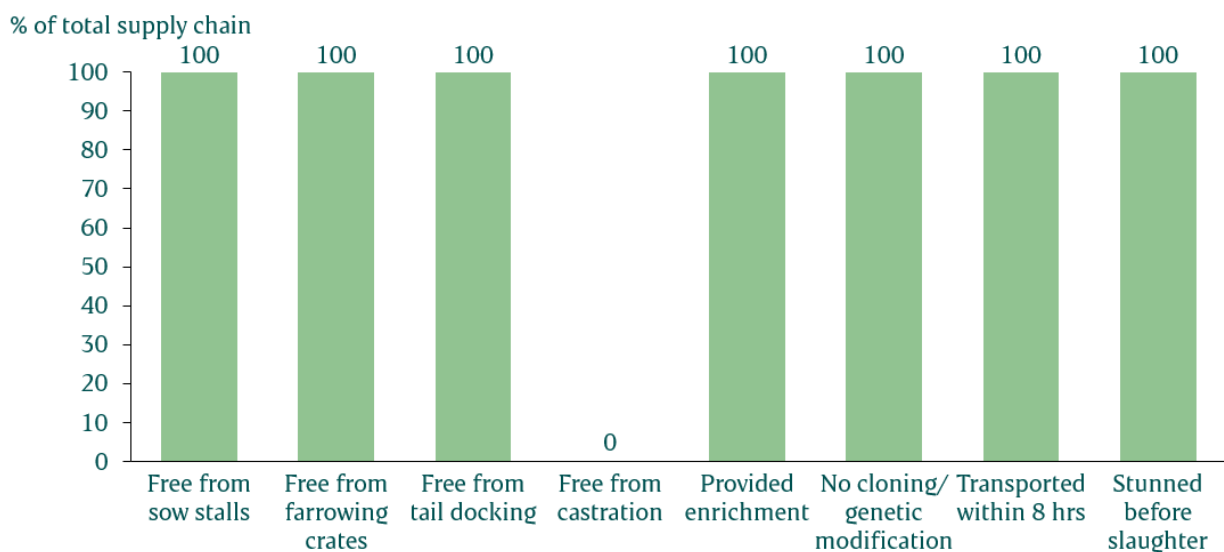
Since KLS is operating in Sweden, the baseline for all the animals in our supply chain is defined by the national Swedish legislation (*Swedish Animal Welfare Act, Animal Welfare Ordinance* and special provisions for pigs, cattle, and sheep) as well as the requirements set by the EU. In addition, our Code of Conduct demands that all suppliers treat the animals well, provide them with a suitable environment and ensure that the animals are protected from pain, suffering and stress. We are continuously working to gather more data from our suppliers and ensure compliance. Our new Life Cycle Assessment tool (which will be implemented throughout 2021-2023 will allow us to calculate the carbon footprint on farms as well as production sites), we expect to be able to collect even more climate and animal welfare-related data directly from the farmers each year.

3.2. Assurance schemes and higher welfare concepts

Besides the highly developed Swedish animal welfare legislation, a large part of our animals is further covered by independent certification schemes, with 100% of our pigs under the *Grundcertificering Gris* scheme. 2% of pigs are certified EU organic, while another 3 % are certified organic by the Swedish *KRAV* organic scheme. *KRAV* goes above and beyond the EU organic certification scheme in many areas, including animal welfare. 10% of our cattle and 7% of sheep are also part of the *KRAV* scheme. Overall, 87% of our total livestock supply chain is covered by independently audited welfare assurance schemes.

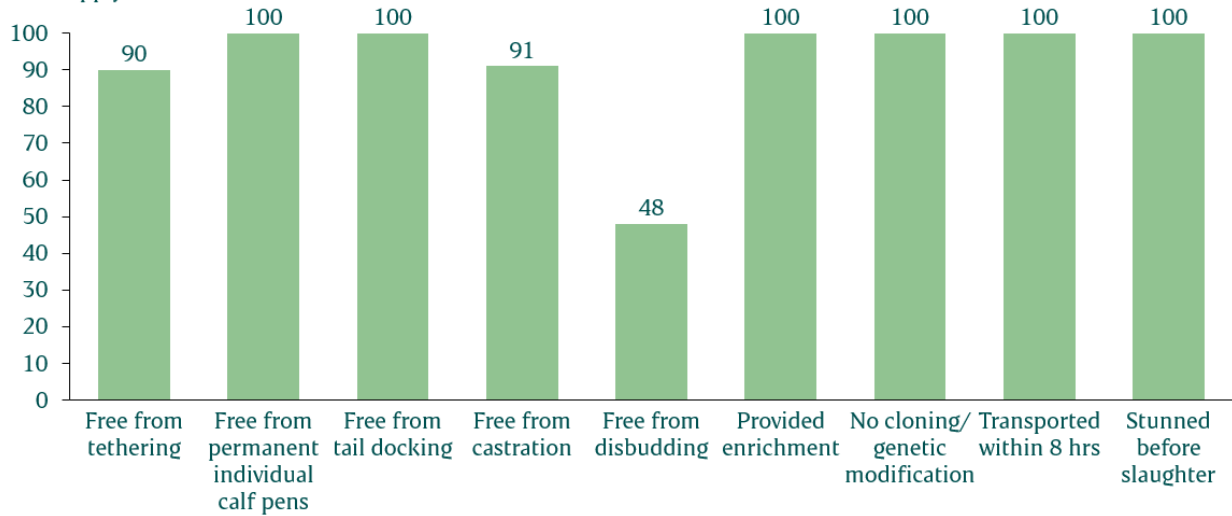
4. Key animal welfare issues

This section clarifies our stance regarding commonly recognized welfare issues in the livestock industry as well as performance within our supply chain. The figures below illustrate our performance regarding key welfare issues in the pig and cattle industries.



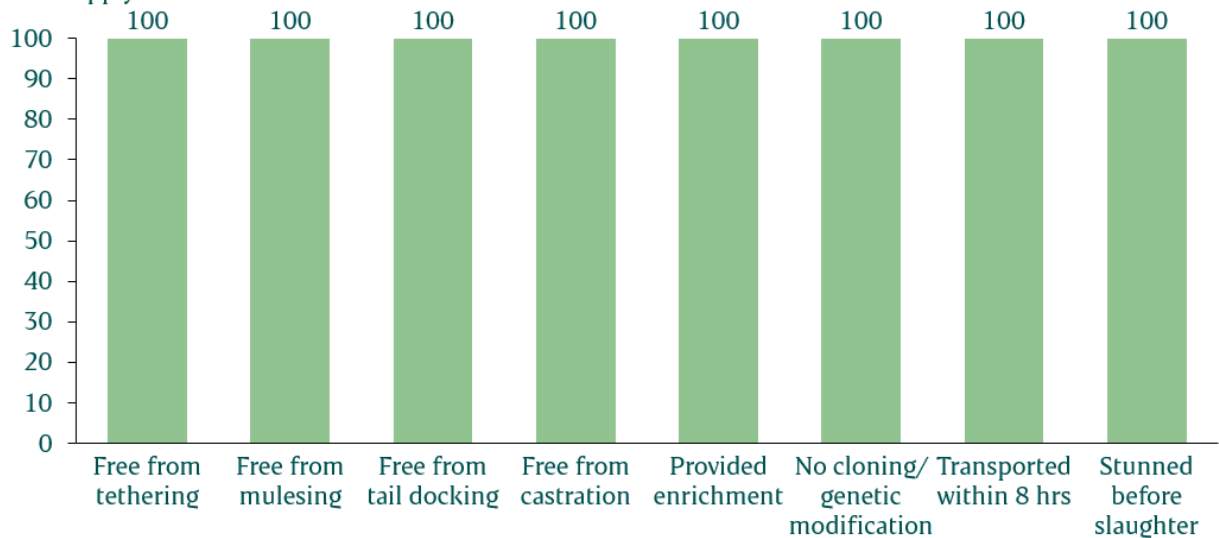
KLS' performance regarding the key animal welfare issues in the pig industry. The proportions of animals subject to/free from specified industry practices are based on the total number of pigs in our group supply chain.

% of total supply chain



KLS' performance regarding the key animal welfare issues in the cattle industry. The proportions of animals subject to/free from specified industry practices are based on the total amount of cattle in our group supply chain.

% of total supply chain



KLS' performance regarding the key animal welfare issues in the sheep industry. The proportions of animals subject to/free from specified industry practices are based on the total amount of sheep in our group supply chain.

4.1. Close confinement

Pigs: In Sweden, tethering of pigs, as well as the use of sow stalls and farrowing crates is forbidden, and 100% of our pigs are kept in loose housing systems.

Cattle: In Sweden, all cattle in buildings taken into use after 2010, must be kept in loose housing systems. Calves may not be tied in any case, and tethering is not allowed in the organic production. Even though tethering is allowed in older barns, it is not a common practice - during the summer the cattle graze out in grass fields, and in the winter, they live in loose-housing barns. If the farmers use such a tethered housing system, they must ensure that tethered animals have sufficient space for their physiological and ethological needs. Currently, at least 90% of cattle in our supply chain are free from restraint.

When it comes to calves, housing in individual pens after 8 weeks is not permitted. Exceptions may be granted when there are less than 6 calves on the farm - then they can be housed individually, but still must have direct contact with each other. This represents a very small and declining proportion of the total production. Therefore, almost 100% of our calves are free from permanent single housing. The individual pens used during the first 8 weeks always allow for direct visual and tactile contact between the calves. Since calves are born with a weak immune system, individual pens used for this limited period help protect the calves from the spread of infections.

Sheep: 100% of our sheep are free of close confinement - they are living in loose housing systems and graze outdoors in the summertime.

Our position: In KLS, we believe that animals should be allowed complete freedom to move and express normal behavior. They should always be raised in loose housing systems, have the possibility to interact and play with each other and have access to outdoors and grazing in the summertime. This is reflected in the way our animals are raised. On the whole supply chain level, 99% of animals are free from close confinement.

4.2. Routine mutilations

Pigs: In the global pig industry, the most common routine mutilations are tail docking, tooth clipping/grinding, and castration. In Sweden, it is prohibited to dock the tails and clip the teeth. Teeth grinding may only be done if it is necessary and advised by a veterinarian. The castration of piglets is a common practice in Sweden. It is always performed with the use of local anesthesia. Swedish farmers would prefer not to castrate male pigs, but unfortunately castration is needed to prevent boar taint in meat, which is a consumer preference. This is the key influencing factor in the current practice of castration in Sweden and many other markets globally.

Cattle: The most common routine mutilations that affect cattle in the beef industry are tail docking, disbudding, and castration. Tail docking is not practiced within our supply chain. Castration is allowed; however, it is not a common practice. When it is necessary, it is only performed by qualified personnel and with local anesthesia. 91% of our cattle are free from castration.

Due to the risk of horned animals injuring each other or posing a risk to their handlers, disbudding of Swedish cattle is a common practice. Disbudding is the removal of horns in calves less than 2 months of age (before the horns have attached to the skull), and 52% of our cattle are disbudded. 48% of cattle in our supply chain are polled – they are bred to have no horns, and therefore disbudding procedure is not necessary.

Sheep: 100% of our sheep are free from tail docking and mulesing. Castration requires local anaesthesia and is rarely performed.

Our position: We believe that no animal's body should be altered as a routine practice. We acknowledge that disbudding of calves and castration of piglets is a challenge in our supply chain. However, disbudding of cattle is performed to ensure the safety of other animals as well as employees on farms. Piglets are castrated to prevent mating, reduce fighting, and prevent boar taint in pork. Solving these issues requires inter-organizational collaboration, and as a part of Danish Crown group, KLS benefits from research projects to find alternative solutions to current practices.

4.3. Environmental enrichment and access to outdoors

Cattle: 100% of our cattle are provided with environmental enrichment. During the cold period of the year they are housed indoors where straw or other bedding material is available in the lying areas. The majority of our cattle have access to outdoors in the summertime and access to pasture (in very few herds the bulls can be kept indoors throughout the year for safety reasons, but this is a rare occurrence). The number of days cattle must spend on pasture depends on the geographical location of the farm, with those based in the southern Sweden receiving more outdoor days due to a gentler climate. Pastures commonly contain natural or artificial shelters, trees, and water sources, and therefore the environmental enrichment is ensured all year round.

Pigs: 100% of our pigs are provided with straw as an enrichment material. In addition, all organic pigs (5% of total pigs) are given access to outdoors whenever the weather conditions allow.

Sheep: 100% of our sheep are provided with environmental enrichment. They have straw or other bedding material when housed indoors during the cold period of the year. They have access to pasture in the period from May to October. The minimum outdoor period is 4 months in the most southern parts of Sweden, 3 months in the rest of the southern half of Sweden and 2 months in the northern half of Sweden. The pastures commonly contain artificial or natural shelter, trees, rocks, varying terrain, and water sources; therefore, the enrichment is ensured all year round.

Our position: We believe that environmental enrichment is extremely important for animals to have a good life. We are proud that 100% of animals within our supply chain receive enrichment, mostly in the form of straw or other types of bedding, as well as natural and artificial enrichment in the fields where animals graze.

4.4. Cloning and use of genetically modified animals

In accordance with Swedish legislation producers across our pork, beef and lamb supply chains must ensure that no animals are subject to any genetic modification or cloning.

4.5. Growth-promoting substances

The use of antibiotic or hormonal growth promoters is not permitted within our livestock supply chain. 100% of our animals are free from any kind of growth promotion.

4.6. Antibiotics

The prophylactic and growth-promoting use of antibiotics is prohibited, and there is no preventive use of antibiotics. KLS advocates the responsible use of medication and requires that its suppliers have a special focus on limiting the use of antibiotics to ensure both animal and human health. This includes limiting the use of antibiotics that are critically important for human health, therefore their use is either banned or permitted only under exceptional circumstances.

In Scandinavia, we have a perspective that healthy animals do not need antibiotics and Sweden has a long tradition of preventative health work. Sweden is among the lowest users of livestock antibiotics compared to all the major pig producing countries and their well-established antibiotics control systems are held as an example for others. Antibiotic use in Sweden is closely monitored by a national monitoring program SVARM (Swedish Veterinary Antibiotic Resistance Monitoring) and the latest data is available in the yearly report published by the SVA (Swedish Veterinary Institute).

The table below shows the amount of antibiotics used for Swedish pigs in 2019 and 2020. While there is an apparent increase in 2020, this is the result of a number of factors such as use of medication that requires higher dosage levels, and treatment of infection in one larger herd that accounted for 30% of the increase. This highlights the fact that with low usage levels, a localized infection can impact figures disproportionately."

Total use of antibiotics for Swedish pigs in 2019			
Year	Kg antibiotics	Mg per pig produced	Mg/kg pig produced
2019	2904	1129	12.1
2020	3219	-	13.1

Source: Landbrug & Fødevarer, Swedres-Svarm report 2020

4.7. Mortality

The table below shows the mortality of piglets, slaughter pigs and calves on a Swedish national level from 2018 to 2020. While figures in piglet mortality are consistent, the high rates reflect the ban on farrowing crates in Sweden. Research continues to reduce piglet mortality rates. The mortality of calves has been gradually decreasing over the last 3 years (1.2 % lower in 2020 compared to 2018 levels), which is a very encouraging development on a national level.

The average livestock mortality (%) on Swedish farms in 2018-2020.			
	2018	2019	2020
Piglets	17.6	17.7	17.2
Pigs	1.8	1.7	1.7
Calves*	5	4.6	3.8

*The mortality of calves is calculated for a sample of approximately 16,000 calves per year.

4.8. Transport

The maximum transport time allowed in Sweden is 8 hours and 100% of our animals are transported within the 8-hour limit.

4.9. Humane slaughter

100% of animals within our supply chain must receive appropriate pre-slaughter stunning prior to processing. This is delivered through electrical stunning for sheep, approved captive bolt systems for cattle, and CO₂ stunning for pigs, except for one abattoir where electrical stunning is used for sows and boars. The tables below show the rate of re-stunning in 2020 for each species and some additional welfare outcome measures available. On the whole supply chain level, 0.24% of animals slaughtered at KLS sites were subjected to back-up stunning.

Welfare outcome measures for pigs in KLS (2020)	
% Killed on arrival	0,005
% Re-stunned	0,14
% Slipped during unloading	0,002
% Dead on arrival to the abattoir	0,008
% Dead in lairage	0,003

Welfare outcome measures for cattle in KLS (2020)	
% Overnight lairage	1,97
% Re-stunned	0,8

Welfare outcome measures for sheep in KLS (2020)	
% Re-stunned	0,1

5. Continuous improvement

5.1. Priorities and targets

In KLS we believe that it is not enough to keep track of our performance – we need to strive to continuously develop and improve.

To reflect this commitment KLS has planned and implemented the following initiatives:

1. Introduce the “KLS Gårdsdata” program for KLS cattle and lamb farmers
KLS pig farmers are participating in the KLS sustainability initiative “KLS Gårdsdata”. It is planned that KLS cattle will be introduced to the KLS Gårdsdata through the course of 2023, and the KLS lamb farmers will be introduced to the programme towards 2025.

The aim of the “KLS Gårdsdata” programme is to work with farmers to raise the standards of conventional and organic production in KLS supplier farms. To benefit from the “KLS Gårdsdata” farmers should work in a targeted and systematic manner to ensure continuous improvement.

When the data collection begins, a large set of sustainability data will be gathered.

2. *Set specific animal welfare targets for KLS in 2023.*
We are committed to setting targets to raise the level of animal welfare within our Danish Crown group and within the industry - from farm over transport to slaughter. At the start of 2022, workshops were conducted with representatives from the whole Danish Crown group, to identify the most realistic animal welfare targets to focus on and improve within our business units.
In terms of resources, the work of selecting and implementing these new initiatives requires active participation of sustainability and owner service departments, as well as significant help from legal, marketing and communication specialists. Overall, we will have 2-3 colleagues at KLS investing significant time into the Welfare Target Project, supported by one colleague from the Group Sustainability team working on it full time at Group level.
For KLS one of the Animal Welfare-related targets decided upon is to develop and implement Codes of Practice for sheep, cattle and pigs.
3. Codes of Practice for sheep, cattle and pig suppliers to be implemented in 2023
Codes of Practice will be developed for sheep, cattle and pig suppliers. They will be ready for implementation at KLS farms at the end of 2023. The Codes of Practice will include Animal Welfare requirements such as feed use, medical treatments, management and housing conditions.

5.2. Knowledge sharing and innovation

In addition to setting initiatives and targets, we strive to stay at the forefront of global and local animal welfare developments to identify key opportunities for integration into our own supply chains. This is achieved through local and group knowledge transfer programs, and through active engagement with industry organizations and education institutions, such as The Swedish University of Agricultural Sciences, Gård- & Djurhälsan (i.e., Farm and Animal Health, an advisory company), and Svenska Köttföretagen (i.e., the Swedish slaughterhouses' Association). As an example, in May 2019, Danish Crown Group formed an Abattoir Animal Welfare Network Group that meets periodically to share information and knowledge. The stated aims of this group are to share best practice and to deliver certification of animal welfare at all abattoirs across the group.

KLS is currently involved in a Swedish animal welfare improvement project. Together with the authorities, trade organization (Svenska Köttföretagarna) and representatives from the meat industry we are looking into detail at our top pig suppliers. Their animals are cleaner, healthier and have less injuries than the rest. By investigating what we can learn from those suppliers, we hope to spread the knowledge and raise the animal welfare among our farmers.

Another initiative we are taking part in is a project organized by the National Council for animal welfare and in collaboration with Swedish trade and farmer organizations, meat and dairy companies, and breeding and veterinary organizations. This project aims to develop a method to reach out to more farmers and help them manage the animal welfare risks and prevent incidents of poor welfare on farms. We want to be able to help the farmers before any significant animal welfare issues arise.

In addition, KLS promotes the importance of high Animal Welfare on social media, websites, printed media and tv-campaigns.

6. Animal welfare management in KLS

All the farmers supplying animals to KLS comply with legislative standards at both EU and national Swedish legislations (which in many areas exceeds the EU requirements). Our animal declaration signed upon animal delivery requires the suppliers to treat their animals with care, to make sure that their needs are met, and the Five Freedoms are respected. A large part of our livestock is further covered by 3rd party accreditation schemes.

6.1. Sustainable Farming Board

Within the Danish Crown group, animal welfare issues are monitored and controlled by the Sustainable Farming Board. Its main task is to involve subject matter experts from the whole Danish Crown group, facilitate constant sharing of knowledge and best practices, lead innovative projects, and take responsibility for overall animal welfare improvement within the group.

6.2. Agriculture Supply Chain Team

In KLS, there is a dedicated Agriculture Supply Chain team that works closely both with colleagues within the business and with farmers, industry organizations and customers, to ensure that proscribed welfare standards are maintained and, wherever possible, improved.

The Agriculture Team led by the Agriculture Director is responsible for:

- Establishing, communicating, and monitoring animal health and welfare standards.
- Managing and monitoring independent 3rd party audit programs.
- Providing information to the Management Board.

The Agriculture Team is supported by dedicated teams including veterinarians, animal welfare and food safety specialists who work with our supply chains, customers, and industry organizations to ensure that proscribed standards are consistently implemented.

6.3. Control at the production sites

Each of KLS' abattoirs has an animal welfare officer (an employee with experience and specialist training in animal welfare), and independent (government) vets to ensure that our welfare standards are implemented. This includes veterinary inspection of all animals upon delivery to the plants. Carcasses are also inspected by official veterinarians and checks include signs of compromised animal welfare.

All our abattoirs are certified according to *KRAV* standards and have 3rd party audits twice a year – one an announced visit for the whole *KRAV* scheme, and the other, an unannounced audit focused on animal welfare only. All the sites are also regularly inspected by the County Administrative Board. 100% of our abattoir employees who work directly with animal slaughter have an official EU licence allowing them to work with live animals. All the new employees receive in-house training in animal handling and welfare. Every three years an independent animal welfare specialist inspects all the sites regarding the handling of animals from unloading to the point of bleeding and produces an animal welfare report which is further used to address any potential issues within our operations.

6.4. Control on the farms

The livestock farms in Sweden are periodically audited by the authorities. The audits are risk-based, and their frequency depends on the live animal and carcass observations by the official vets at the abattoirs, size of the farm, previous compliance issues at the farm, and similar. In addition, the organic farms are checked once a year by either the Swedish organic certification bodies, and Grundcertificering Gris scheme inspects all farms every 2 years with an announced official audit as well as unannounced spot audits and follow up inspections as needed. In the event of a non-compliance observed as part of KLS-staff visits to the farms, we will work together with the farmer to ensure that issues are solved within a reasonable timeframe.