

KÖTTKULTUR™

CSR-policy

Our responsibility and commitment

Stockholm, November 2019

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1. BACKGROUND

The challenge to produce food adequately has become one of the most important issues to solve in an increasingly globalized world that has seen population literally explode since the 1800's. In the beginning of the 1800's the world population was at an estimated one billion people – today that number is closer to eight billion people. If population growth continues at this rate, we will be ten billion people in 2050. The area of arable land per person is steadily decreasing alongside an increasing competition for land since it can be used not only for food production but also for energy production.

Farming around the world has steadily been intensified resulting in increased harvests year by year. The most intense and efficient agriculture and animal breeding could also be beneficial in terms of less total greenhouse gas emissions, but could be negative to bio diversity and animal welfare. More extensive and organic production would require more land to produce the same amount of foods, which would represent a challenging way to feed a growing population. However organic production can have positive effects on the local environment and animal welfare.

Furthermore, the question of what types of foods we should consume is complex. From a health perspective, there are studies that show that we should reduce our consumption of red meat because the high level of saturated fat which increases risk of heart diseases. There are also indications of an increased risk of certain cancers. On the other hand, red meat is considered as a natural low calorie product with no artificial ingredients, rich in protein, iron, vitamin B12 and zinc.

On a global basis, but unequally distributed, the world population has access to 35 percent more calories per day and person than the actual need of 2150 kcal. That has implications, not only on health, but also on sustainability. However, not all that food is consumed and in many countries we do have a substantial food waste - in the EU 88 million tons of food waste is generated annually.

All human activity and consumption have an impact on the climate. The use of fossil fuels is the main driver accountable for approximately 75 percent of the world's greenhouse gas emissions whilst the production of food contributes to approximately 20 percent.

The groceries we choose to buy differ in terms of impact. Meat has a greater impact on climate than most vegetarian proteins due to the biological processes. In the context of meat then pork, beef, lamb and poultry require different amounts of energy to produce one kilogram of finished product. In this respect beef cows would be the least efficient in feed conversion and chickens the most efficient.

Ruminants contribute to the greenhouse effect mainly due to the fact that they produce a substantial amount of methane in their lifetime. How much ruminants contribute to the greenhouse effect depends on the production system. If the ruminants are primarily fed on pastures and grass from pastures, that have not been plowed, a significant amount of carbon is bound in the soil, which helps to reduce the greenhouse effect.

The methane has a high global warming potential in the short run but it is broken down in a decade. Thus- a stable number of cattle does not increase the global warming but a reduction would give a short time relief whilst we simultaneously face the major important challenge - to reduce the use of fossil fuels that has a long term and accumulated effect on the global warming. The issue of global warming is very complex and the knowledge about it is constantly evolving.

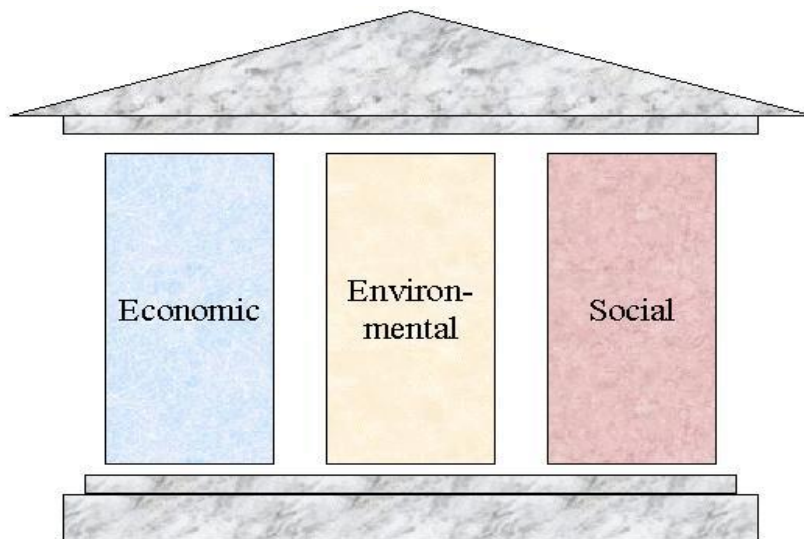
It is in this highly complex context where KÖTTKULTUR has its raison d'être. We are a food brand in the meat segment, working with an assortment of beef, lamb, pork and poultry.

Our main goal is to be regarded as the most competent and reliable brand of high quality meat. This includes the sensory quality of our products and the services we offer but also, to a large extent, our work and demands on CSR (Corporate Social Responsibility). The foundation of our business is animal farming - hence animal welfare issues represent an important part of our ethical responsibility along with the food safety and a broad approach on sustainability.

A Greek temple is often used to illustrate the three pillars of CSR's:

- Economically
- Socially
- Environmental responsibility

If CSR is to be implemented successfully it requires a foundation based on all these pillars.



Although KÖTTKULTUR does not own any production facilities, we have the responsibility and opportunity to select partners that share our values and ambitions within CSR. A common value base enables us to influence their work and fulfillment of our requirements and specifications.

Our work with CSR is an ongoing process and this document summarizes our:

- Insights
- Challenges
- Intentions
- Achieved results, so far

2. RESPONSIBILITY

KÖTTKULTUR conducts its business in accordance with our motto *"We only supply meat products that we with pleasure would serve and share with our best friends"*. This simple and emotional motto sums up our efforts in the careful selection of the companies, people, products and facilities that we want to work with.

The basis for achieving a long-term ethical responsibility is for KÖTTKULTUR and its suppliers to have a sustainable financial situation providing the resources and efforts required to stand in the forefront of this development.

In KÖTTKULTURs supply chain, we have defined four branches of ethics as the most important ones:

- Animal welfare
- Social Accountability
- Environmental Responsibility
- Product liability

3. ANIMAL WELFARE

Mankind has throughout the history been using animals to satisfy its needs for food, clothing and transportation. This entails a responsibility to take good care of our animals. Animal welfare includes both its physical and mental state and we believe it also includes good health and a sense of wellbeing. Suffering must be minimized for all animals bred by the human.

KÖTTKULTUR believes that each animal's well-being, regardless of whether the animal is located on a farm, a market or a slaughterhouse, must be seen in terms of "five freedoms":

These freedoms should be viewed as ideal states rather than standards for acceptable animal welfare. The "five freedoms" are as follows:

- 1) Freedom from hunger and thirst - by access to fresh water and a diet that provides energy and good health.
- 2) Freedom from discomfort - by providing the right environment including providing shelter and a comfortable resting place.
- 3) Freedom from pain, injury or disease - by prevention or quick diagnosis and treatment.

- 4) Freedom to exhibit normal behavior - by providing sufficient space, proper facilities and company of other animals of the same species.
- 5) Freedom from fear and distress - by ensuring conditions and treatment that prevent mental suffering.

At KÖTTKULTUR we have a broad experience within animal welfare legislation and the practices that vary from country to country. Our aim is to always cooperate with each individual countries leading suppliers in any given field. Our focus is on best practices and on an ever-evolving improvement process in order for us to reach our goals. Based on the five freedoms and our goals, we have defined some areas that require special attention.

3.1 REARING SYSTEM

In order for animals to have a good life the opportunity to express natural behavior is essential. KÖTTKULTUR strives to achieve production systems that meet these needs as far as possible without compromising animal health and/or safety of the product.

To ensure good animal welfare in combination with high product quality, it is impossible in some areas to breed ruminants solely on grass throughout the year.

Most of the rearing systems in KÖTTKULTUR is free range and all animals with one exception live their entire life outdoors. The chicken is free range but are kept indoors due to climate restriction but also to secure a high degree of food safety. Although they spend their entire life indoors, they have been given twice as much area compared to the regular Swedish production.

3.2 CASTRATION

Castration is common in both beef- and pork production and is performed to ensure product quality but also in order to keep the cattle on pastures without jeopardizing the security of personnel or livestock. In free-range systems it is difficult to use painkillers but a lot of research is conducted to find ways to avoid castration without anesthesia. Suffering is also reduced by performing castration at such a low age as possible. In systems with free range herds of animals there are practical limitations on the earliest possible time that castration can be performed.

COMMITMENTS BY KÖTTKULTUR

- KÖTTKULTUR is dedicated to work for introducing the use of anesthesia during castration as soon as such methods are available.
- If no anesthetic is used, the castration of piglets should be performed before they are seven days old.
- For lamb, castration with rubber ring is recommended to be performed when lambs are less than 12 weeks old. If surgical castration is performed the lamb should be less than 6 weeks old unless these procedures are performed with anesthetics and by a veterinarian.
- For calves' castration before the age of six weeks is recommended.

3.3 NOSE RING FOR PIGS

In the breeding of Iberian pigs, a nose ring may be used to avoid excessive rooting, protect the grass in the pastures and to maintain the biodiversity. The nose ring limits the natural behavior to some extent. On the other hand, the pigs have the freedom to express a natural behavior in a free range environment.

3.4 TRANSPORT

Transport of live animals is stressful and involves a potential risk of physical injury to the animals.

COMMITMENTS BY KÖTTKULTUR

- To minimize the suffering that can be linked to the transport of live animals KÖTTKULTUR does not allow transport of animals for slaughter that exceeds eight hours.
- The animals must have enough space during transport in order for them to be able to stand in a natural way. Enough space must be provided for animals so that in case they fall they can get back on their feet without the risk of being trampled.
- Vehicles must be designed so that they ensure the safety of the transported animals.
- Vehicles must be escape-proof and designed as well as driven in such a way that injuries and unnecessary suffering of animals is avoided.
- If different types of animals are transported by the same means of transport the animals must be kept separate.

- The floor in all means of transport must be strong enough to withstand the weight of all the animals transported. The floor must have a non-slip design without gaps or holes that could harm the animals.
- All vehicles must be designed in such a way that they offer both enough protection against the weather and adequate ventilation.
- Documentation must accompany all transports of animals and the documentation must include the following details: origin, ownership, place of departure and destination and the date of departure.
- Adequate loading and unloading equipment must be available in order to avoid damage and stress of the animals.

3.5 SLAUGHTER METHODS

In order to ensure animal welfare and high product quality it is very important that the slaughter process proceeds in a calm manner. It is crucial that the slaughter facilities are designed in such a way that they take into account the animals' natural behavior and prevent animals from suffering injuries. If the animals are put in stalls prior to slaughter, the stables or fences should be constructed in such a manner that physical damage and stress to the animals is avoided.

COMMITMENTS BY KÖTTKULTUR

- No slaughter without stunning is permitted.
- Use of electric prods must be limited to an absolute minimum during loading, transportation and unloading. If possible, they should not be used at all.
- The animals should be led to the slaughter area in a calm manner.
- For poultry stunning with gas is preferable.

3.6 TAIL DOCKING

PIGS

Tail docking is common in most pig producing countries. It's performed to prevent the pigs from biting each other's tails. Tail docking is banned in Sweden and can be avoided by using straw bedding and activities for the pigs. Tail docking is a painful procedure, but the pain and damage caused by the bite is worse. In the long run, animal husbandry system must be developed where tail docking is avoidable.

COMMITMENTS BY KÖTTKULTUR

- KÖTTKULTURs goal is to make sure tail docking of pigs shall cease as soon as possible.

LAMB

Docking of lamb tails is performed to prevent the accumulation of feces which may gather flies and cause fly strike.

COMMITMENTS BY KÖTTKULTUR

- If tails must be docked it's recommended that the procedure is performed before the lamb is six weeks old (and it must have been carried out before it is six months) unless the procedure is performed under anesthesia by a veterinarian.

3.7 BEAK TRIMMING

Beaks can be trimmed in production of chicken to avoid pecking. If the birds are reared in a sound environment beak trimming can be avoided.

COMMITMENTS BY KÖTTKULTUR

- KÖTTKULTUR does not allow beak trimming.

4. SOCIAL ACCOUNTABILITY

4.1. HUMAN RIGHTS AND LABOUR STANDARDS

KÖTTKULTURs responsibility is based on the United Nations Global Compact principles.

The company shall:

- Within its sphere of influence support and respect the protection of internationally proclaimed human rights.
- Ensure that their business is not likely to commit crimes against human rights.

The company shall maintain:

- Freedom of association and right to collective bargaining.
- The elimination of all forms of forced labor.
- The effective abolition of child labor.
- Elimination of all forms of discrimination.

KÖTTKULTUR verifies and requires our suppliers to conduct their operations in accordance with national legislation in the following areas:

- Compensation
- Working Hours
- Health and safety at work

4.2 BUSINESS ETHICS

Bribery is the offering, promising, giving, accepting or soliciting of an advantage as an inducement for action which is illegal or a breach of trust. A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

It is our policy to conduct all of our business in an honest and ethical manner. We take a zero tolerance approach to bribery and corruption. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate, implementing, and enforcing effective systems to counter bribery.

We will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate.

5. ENVIRONMENTAL RESPONSIBILITY

KÖTTKULTURs goal is always to comply with all applicable laws and regulations in the environmental field.

Since Köttkultur does not operate any in-house production, KÖTTKULTURs own business has a very limited environmental impact. The majority of the environmental impact Köttkultur has would occur in the upstream production and processing.

COMMITMENTS BY KÖTTKULTUR

- We will develop, maintain and implement policies, procedures and controls to continually assess and monitor the environmental impact our internal operations have.
- In our environmental practices we incorporate the best available technologies that are economically feasible. We will minimize the consumption of materials and energy. Our goal is that the principles of resource-efficient production, recycling and recovery shall also be applied in respect of the handling and packaging of our products.

5.1 MAJOR FACTORS AFFECTING THE ENVIRONMENT IN OUR OPERATIONS

In this chapter we have identified and addressed the key environmental impacts that are commonly associated with our industry.

5.1.2 SOY USE IN FEED

Soy is one of the world's largest and most important crop for the production of vegetable protein and oil. It has been cultivated for thousands of years in Asia and provides more protein per hectare than other major crops. In the last fifty years, global production of soybeans increased tenfold. Most of the soy produced is used for animal feed in the production of meat, milk and eggs as well as the cultivation of fish.

The increasing soy farming, in many cases, has negative effects on the environment and working conditions for those working in the farms.

Provided the free range and grass based production systems in KÖTTKULTUR the need for any supplementary feed of soy is limited.

COMMITMENTS BY KÖTTKULTUR

- Ensure that all soya used in animal feed in KÖTTKULTURs value chain is certified under the RTRS².

² *Third-party certification of sustainable soy*

5.1.3 GREENHOUSE EFFECTS FROM MEAT PRODUCTION

According to a report published by Food and Agriculture Organization of the United Nations (FAO), the livestock sector generates 14.5 percent of the global greenhouse gas emissions, measured in carbon dioxide equivalents. According to other reports, that figure may look different depending on the assumptions of underlying calculations. The difference between different species is considerable where ruminants' cattle and sheep emit more greenhouse gases than chickens because of a much more complex digestion. Due to the efficient feed conversion in poultry production, chickens give least carbon dioxide per kilogram of meat produced. Greenhouse gas emissions are largely linked to the efficiency of production both in terms of feed conversion ratio and the daily weight gain for ruminants. In addition, the differences in the type of feed (grain vs. forage) and its nutritional value (energy and protein), affect the amount of greenhouse gases emitted.

COMMITMENTS BY KÖTTKULTUR

- More than 90 percent of the greenhouse gases in the meat supply chain are generated in the primary production. According to FAO- if all production would follow the most resource efficient within each breeding category, we could reduce the global emissions from meat production by 30 percent. KÖTTKULTUR selects and works only with the most resource efficient producers within each breeding category.
- Our manufacturers should have annual targets for reduction of greenhouse gas emissions, waste, energy use and water use.
- We should have a fossil fuel free logistic chain by 2050. Meanwhile our own distribution cars are running on bio diesel HVO100.
- We encourage our producers to be part of sustainable programs as Origin Green and Svensk Sigill Klimatcertifiering.
- We invest in projects that bind carbon dioxide. Beef, lamb, poultry and pork have different climate impact translated to carbon dioxide equivalents. KÖTTKULTUR decided, in our projects, to bind 20 kg carbon dioxide for every kg KÖTTKULTUR sold- no matter what product.

5.1.4 RESPECT FOR NATURE

Food production is by definition a way to use nature for our own purposes and carries a responsibility to do so in a respectful manner. This means that we must ensure that production, as far as possible, respects the needs of the animals and local nature. In addition to the commitments listed in Section 5.1.2 and 5.1.3, which aims to reduce our environmental impact at a global level, we can also encourage production systems that benefit local conditions.

The use of hormones is still common in some parts of the world. In Europe, the use of hormones has been banned for more than thirty years. Growth promoters are used mainly in systems for intensive production, mainly chickens and pigs but also for intensive beef production. The use of GMOs is lively debated and many consumers are concerned about the risks.

COMMITMENTS BY KÖTTKULTUR

- KÖTTKULTUR does not accept growth promoters such as hormones.
- KÖTTKULTUR does not sell any products containing GMOs.

5.1.5 ANTIBIOTICS

The development of antibiotics is one of the most important medical breakthroughs in history. Antibiotics are still one of the most important medicines.

Antibiotic resistance has become a growing global problem. It reduces the possibility to treat and cure life-threatening infections.

Common causes of the growing problem of antibiotic resistance is improper antibiotic use, too long or too short course of treatments, wrong choice of antibiotics and the antibiotics used for misdiagnosis in both human and veterinary medicine.

Antibiotics are used for animals to treat and prevent diseases but also in the agricultural sector to increase the production of meat and milk. The development of antibiotic resistance is clearly linked to the excessive use of antibiotics both in human medicine and in animal production. In the breeding area antibiotics should be used to treat only sick individuals and be based on a thorough diagnosis.

To avoid the risk of antibiotic residues in meat, strict withdrawal periods are applied between treatment and slaughter, combined with a comprehensive sampling program.

COMMITMENTS BY KÖTTKULTUR

- KÖTTKULTUR has chosen production systems with good conditions for animal health.
- KÖTTKULTUR chooses producers who are actively working to reduce the need of antibiotic use.
- Antibiotics should only be used when veterinary justified.
- Large animals should be treated individually.
- Antibiotics should not be used preventive.
- A record of the use of antibiotics should be kept on farm.

5.1.6 TRANSPORTATION

The transport sector generally has a large environmental impact but there are major differences between the means of transport. Air transport has by far the most negative impact on the environment and maritime and rail transport, the least negative. In all transports a high degree of filling and good planning of transport routes supports a reduced impact on the climate.

COMMITMENTS BY KÖTTKULTUR

- KÖTTKULTUR chooses shippers who work actively to reduce negative environmental impact of transport.
- KÖTTKULTUR chooses in each case the best available means of transport from an environmental perspective. This means that transport is planned so that air transportation is avoided.
- KÖTTKULTUR always plans the loading to ensure that the maximum degree of filling is achieved. In some cases, this means co-transport with other goods.
- KÖTTKULTUR aims to have all transport fossil free 2050 at the latest.

5.1.7 PACKAGING AND WASTE

Packaging has a major environmental impact. However the purpose of sustainable packaging is also to ensure the shelf life of the product and reduce wastage at all stages. Food waste is a focused area in terms of reducing climate impact within the food chain.

COMMITMENTS BY KÖTTKULTUR

- When selecting packaging, we will for all products always start with a package that has the lowest environmental impact possible, while meeting the requirements for food safety
- KÖTTKULTUR is registered in the Förpacknings- och tidningsinsamlingen system in which we contribute to the recycling of our packaging.
- For our full muscle cuts we work exclusively with vacuum seals. This packaging provides a limited use of resources, a high filling degree and a long shelf life of the product.
- Our packing of sliced products is done in a new and innovative product using 75 percent less plastic than conventional skin pack and MAP packs.
- To minimize food waste KÖTTKULTUR offers solutions for stores having products with shorter shelf life and we donate products with expiring dates to Stadsmissionen in Stockholm.

6. PRODUCT LIABILITY AND FOOD SAFETY

6.1 CONFIDENCE BUILDING MEASURES

We have chosen to partner with leading vendors in each product category, in different regions, and to develop the business in cooperation with them. Our suppliers have been selected because they meet our requirements and also the requirements of the international certification such as HACCP, EFSIS and IFS. It is important to work with suppliers who have our full confidence. We want to work with dedicated people.

COMMITMENTS BY KÖTTKULTUR

- The external plants that supply KÖTTKULTUR are certified in accordance with a standard recognized by the GFSI (BRC, IFS, and so forth) to ensure a high level of product safety. For domestic plants in Sweden certification according to IP-Sigill is accepted.

6.2 MONITORING OF THE SUPPLY CHAIN

Detailed and specific product specifications are required to maintain a consistent level of quality for each product. To verify that our specifications are complied with, we inspect and control our products on several different levels and locations. All deviations are corrected immediately by an action list and together with responsible staff at the plants we pursue continuous improvement. On the control and inspection area KÖTTKULTUR has the following methods:

Supplier inspection: Biennially we do an audit of the entire production process of our products and our requirements within CSR. This inspection includes both system standard and the products produced for KÖTTKULTUR.

Documentation at the supplier level: All our suppliers have well-documented quality systems to ensure that our specifications are met. We have according to contracts full access to the documentation of controls and samples provided by our suppliers. This also includes their general quality controls and checks required by KÖTTKULTUR.

Documentation on the batch level: All of our quality work is documented on the batch level.

Official control: In addition to our own quality checks guarantee food safety through the official checks carried out both by the authorities of the exporting country and the national authorities in Sweden and Finland.

Incoming inspection: We have people in our cold store inspecting incoming goods to ensure that our specifications are met.

Samples: A sampling program is applied in order to ensure food safety as well as product quality. This program consists of tests conducted at the production of certified laboratories. Samples are taken both at the border and on arrival to our warehouse.

Well-developed computer system: KÖTTKULTUR can offer a well-developed EDI system, full traceability for each batch and statistics. Traceability enables us to recall products if necessary.

Insurance: We have a liability insurance to ensure that we have the opportunity to meet possible claims related to the shortcomings of our products.

6.3 HEALTHY PRODUCTS

Eating meat provides numerous health benefits, for example meat is a good source of high quality proteins that a vegetarian diet cannot offer. Meat contains all the essential amino acids the body needs. Red meat contains high levels of iron compared to food of plant origin. 100 grams of liver contains 6000 mcg iron compared 100 grams of carrots containing only 325 mcg. The phosphorus content in meat is much more easily absorbed by the body than that found in cereals and vegetables. Meat also serves as a main source for the intake of vitamin B12. Meat is generally a low-fat product. Pure meat typically contains less than three percent fat.

Meat is rich in nutrients but does not contain any kind of fibers. Levels of saturated and monounsaturated fat is rather high. However, meat from grass fed animals has a more balanced composition of fatty acids and is rich in the healthy Omega 3 fatty acids.

Majority of KÖTTKULTURS products origin from grass fed production systems.