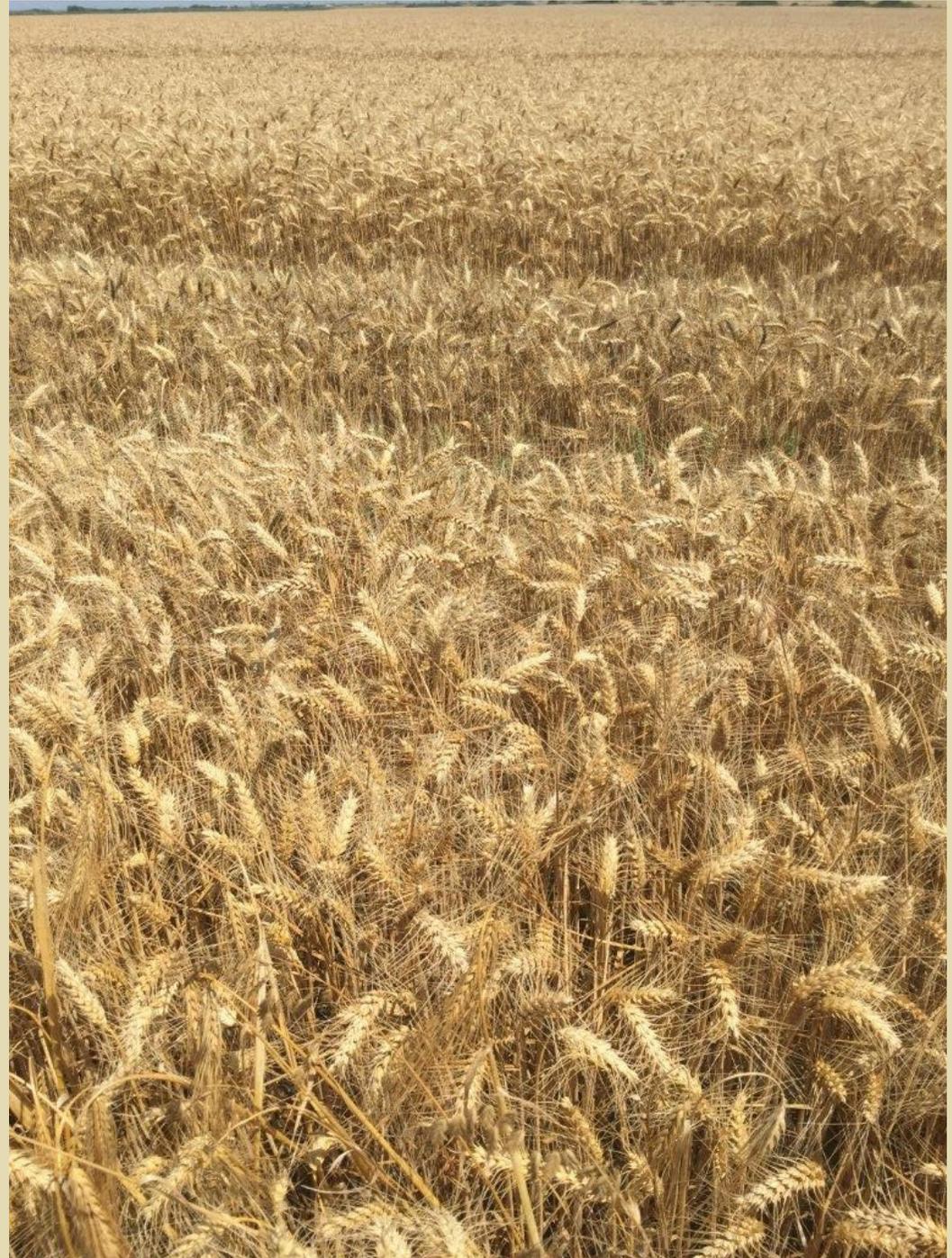


# FirstFarms A/S

## Report on Corporate Social Responsibility

cf. Section 99a of the Danish Financial  
Statements Act



# 1. Introduction

Our business is anchored in our DNA. All activities we undertake are based on our values, which express what we believe in. We believe in sustainable agricultural production, where we produce products of high quality with respect for our surroundings.

Our company is developing agricultural production in Eastern Europe and ensures that local society have access to our high-quality products. Our goal is to become one of the most efficient and profitable agricultural companies in Europe, and therefore it is important to use as few resources as possible to achieve our goal. At the same time, we are totally aware that our goals should not be achieved at the expense of our surroundings. In our company, we strive after responsible use of resources, so generations to come have the same possibilities for producing quality food, as we have.

We believe, that we cannot develop our business without taking care of our environment, our employees and our involvement in local community. Thus, we will support and contribute to UN's 2030 agenda and their 17 Sustainable Development Goals.

In 2018, FirstFarms has taken the first step towards an elaboration of our CSR-policy. In this connection, an evaluation of FirstFarms' processes and procedures were conducted with the aim to assess, which CSR-activities our company had already implemented or which ones we should initiate to support our sustainable agenda and thus contribute to UN's 2030 agenda. As a part of our strategic development, we will work more systematically with activities that support UN's Sustainable goals including "Zero Hunger", "Life on land", "Climate action" and "Decent work and economic growth". In the next sections, CSR-activities, which FirstFarms has already implemented, will be presented combined with new targets and new CSR-activities, which should be initiated to achieve the goals.



## 2. Food production with focus on the climate and environment

FirstFarms is an agricultural company, that produces milk, meat and grains of the highest quality. Therefore, FN's sustainable goals, as "Zero Hunger", "Life on land" and "Climate action" are extremely important and interconnected for us. To continue to be able to produce food, maintain our business and thus contribute to fighting hunger, we have to run a sustainable agriculture. However, we are aware that our business has an impact on climate and nature, and our target is to reduce our impact through a number of activities.

FirstFarms' crop production includes handling and usage of fertilisers and pesticides. Our company complies with local rules and EU legislation in this area. Through the years, FirstFarms has attempted to reduce use of fertilisers and pesticides. Our investments in the newest technologies ensure more precise adding of fertilisers and pesticides. New technologies contribute to reduction of production costs and at the same time the impact on the nature and its biodiversity. FirstFarms has not yet defined KPIs, which measure usage of pesticides and fertilisers.

FirstFarms makes an effort to spread slurry while eliminating harmful components from it. We use a special solution that speeds up and intensifies the natural breakdown of the organic waste. In addition, we use technologies, that purify the contaminated waste water from production to the level that is acceptable to utility companies.

FirstFarms' crop production is affected by consequences of climate changes, such as extreme weather, drought and flooding. Therefore, FirstFarms is focusing on constant improvement of land and soil quality. Effective crop rotation, water management and drainage are preventive activities, that help to resist the negative consequences of climate changes.

Pig production is a relative new segment in FirstFarms' business portfolio. FirstFarms has acquired production site with piglets in Hungary in 2017 and production site with slaughter pigs in Czech Republic in 2018. Since the acquisitions, FirstFarms has worked on improving production efficiency, which contribute to both business and climate. Therefore, one of the areas in the pig production, which is important in this context, is feed efficiency. The more efficient use of feed FirstFarms has, the more potential we have to reduce greenhouse gas intensity. Since 2017, FirstFarms has increased the number of sows in production with 3.5 %, but simultaneously decreased feed usage per sow with 4.3 %. Beyond that, in 2018 we have improved number of weaned piglets with approx. 7 % and feed conversion ration with 10 % comparing to 2017. Primary production of slaughter pigs takes place in FirstFarms' newly acquired subsidiary in Czech Republic, it is thus difficult to analyse the development within the company at this moment. In the table below, a selection of FirstFarms' KPIs for 2019 in the pig production are presented. In 2019, we will strive to support the same positive development, as in 2018.

	KPI 2019
<b>Sows/Piglets</b>	
Avg. sows in production, #	2,400-2,500
Weaned piglets / sow / year, #	34-35
Feed / sow / year, kg	1,300-1,400
Daily weight gain weaners, g	400 -450
Feed conversion ratio, kg	1.6-1.8
<b>Slaughter pigs</b>	
Produced pigs, yearly, #	72,000-73,000
Daily weight gain finisher, g	900 -1,000
Feed conversion ratio, kg	2.6-2.8



## 2.1 Animal welfare

FirstFarms places a great emphasis on animal welfare and has focus on it in the daily established routines. All employees in FirstFarms are trained to handle and treat the animals in the correct way and we have veterinary control in the herd. FirstFarms' managers oversee on daily basis the herds to ensure, that the determined routines are observed and in cooperation with the employees ensure, that the animals are doing well. With the purpose to get the newest knowledge about animal welfare, FirstFarms has an active collaboration with veterinarian students from University of Veterinary Medicine in Vienna.

Both milk production and pig production in FirstFarms are supported with animal welfare subsidy. It confirms, that animals in FirstFarms have good living conditions. Genetic and good condition has a direct influence on mortality of the animals. Percent of mortality is one of the important figures, that indicates animal welfare. We are working on reducing the mortality in both pig and dairy herd. Medication of the animals is carried out according to EU and local rules and only to a necessary extent. Thus, FirstFarms has no defined targets about use of medicine in the herd.

The development of the mortality rate among calves and cows has been fluctuating over the past four years. The mortality rate among weaners has decrease with 1.2 percentage point compered to 2017. KPI for 2019 are presented in the table.

Another area, that FirstFarms has focus on, is the correct transportation of the animals according to the EU rules. As part of collaboration with external partners, FirstFarms requires compliance with these rules .

	KPI 2019
Mortality calves (incl. still born and breeding losses), %	<6,5
Mortality cows, %	<0,5
Mortality weaners, %	<3,5
Mortality finisher, %	<2



## 2.2 CSR—activities for 2019

- 1 • Develop a measurement system, that will help us to measure impact of our company's operations on climate and nature
- 2 • Collaboration with external partners with purpose to strength FirstFarms' skills and knowledge in the area of climate impact reduction
- 3 • Draw up and implement a measurement system, that indicates FirstFarms' usage of fertilisers and pesticides
- 4 • Draw up and implement a measurement system, that indicates FirstFarms' usage of medicine in the herds and subsequently define the objectives of its consumption
- 5 • Target is to reduce mortality in the herds and maintain a stable development



### 3. Great working conditions and active involvement in the local community

#### 3.1 Employees

Further development of our business depends on our employees' competencies and knowledge. FirstFarms strives to be an attractive workplace to attract and retain highly qualified employees. FirstFarms' values play an important role in it. We believe, that bringing values to life, creates unity and better working environment. Therefore, FirstFarms has focus on employees' awareness about our values, and we educate them to take actions in compliance with them. In November 2018, FirstFarms arranged a management seminar in Budapest, Hungary. Top management and middle management from all subsidiaries spent two days with introduction to the company's values, workshops and teambuilding.

Concurrently, with emphasising the importance of the company's values, FirstFarms concentrates on employees' well-being and development. One of the initiatives introduced in 2018 is the new model of the Staff Development Interview. Yearly, on basis of a Development Tree, the employee evaluates together with his/her leader; their well-being, define expectations to each other and a strategy for further development of the employee's competencies.

FirstFarms offers competitive salary according to local conditions and industry standards. Investments in machines, automatization of production and constantly improving of working conditions has high priority. Working environment is always in focus in FirstFarms. Employees are trained on an ongoing basis to deal with chemicals, big machines etc. in order to prevent accidents. Moreover, FirstFarms has invested in a defibrillator in Slovakia, that is also accessible to the local community. Accidents, that takes place in the production, is registered according to local regulations and laws.

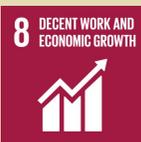
Another important indicator taken into account, when FirstFarms' management assesses employee's satisfaction with the workplace, is Employee Circulation. Employee Circulation

figures are presented in the table. There has been conducted an assessment of reasons to the high employee circulation. It is challenging for FirstFarms to retain employees in the milk production in Slovakia. One of the reasons to high employee circulation in the milk production is physically hard work, that the care and milking of cows implies. The other reason is the general lack of labour in Slovakia. Therefore, FirstFarms in Slovakia hires foreign employees from Ukraine. Many of the Ukrainian employees, who work for FirstFarms is interested in a temporary employment and travels back home after a shorter employment period. Therefore, in 2018 FirstFarms has invested in upgrading of the milking parlour with the purpose to improve working conditions for milkers in FirstFarms.

FirstFarms is an international company, that works constantly on development of our employee's competencies and knowledge. An internal training has been carried out on an ongoing basis to strength the employees' English skills and professional competencies at all production sites. Moreover, FirstFarms' employees participate in external seminars and courses at international level, where they get opportunity to exchange their experience and acquire the latest knowledge within their professional fields .

	2016	2017	2018	KPI 2019
Employee circulation	24 %	30 %	25 %	18 %

(Employee circulation is calculated, as number of employees left during the year / (number of employees primo+ number of employees ultimo) / 2\*100)

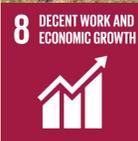


### 3.2 Human rights

FirstFarms is always securing good working conditions for our employees and has not found it essential to supplement that by formulating a company policy for human rights. In 2018 we have initiated the discussion about a policy for human rights, but the discussion was not completed in 2018.

### 3.3 Anti-corruption

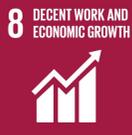
Corruption is one of the world's challenges, that slows down and damages economic growth. Although FirstFarms operates within European Union, there is still a risk for corruption in the countries, where FirstFarms' subsidiaries are located. FirstFarms has a number of written procedures, that entail supervision or approval of different transactions by a third person. The intention of the procedures is to reduce risk for corruption and prevent the harmful consequences it entails for the company. There has not been registered any cases of corruption in FirstFarms in 2018.



### 3.4 Involvement in the local community

FirstFarms' investments are long-term and based on active ownership. FirstFarms strives to be a good neighbour in communities where the company operates. There is not a fixed amount of resources allocated on charity and community supporting projects. However, FirstFarms' subsidiaries support in different ways the local communities. Some of FirstFarms subsidiaries donate Christmas presents to children in local schools. We also provide funding to local sports clubs. Our machines are used to clean channels and roads, gather green waste from local citizens, cutting grass on football courts etc.

FirstFarms has transparent activities and Open Days in Slovakia is one of FirstFarms' initiatives, where citizens get possibility to see our production site and acquire a deeper knowledge about our company and its operations. Children from local schools and students from agricultural schools are also invited to get a deeper insight in agriculture.



### 3.5 CSR—activities for 2019

1

• FirstFarms is working on reducing of Employee Circulation

2

• Investment in defibrillators, so FirstFarms has them in all subsidiaries

3

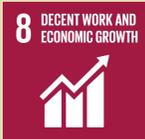
• Evaluate the introduced initiatives regarding company's values and new model for Staff Development Interview. Goal for 2019 is to further introduce FirstFarms' values to employees in the production and conduct training in order to create better understanding of values and their importance

4

• Develop and implement Human rights policy as part of CSR policy

5

• Develop and implement Code of Conduct



FirstFarms is aware, that in order to continue to be a successful company and get “license to operate”, it is required to make an effort in the development of the strong CSR policy. Therefore, in order to work more systematically with CSR, implement new activities and thus achieve our goals in 2019, we have established a cross-border group. This cross-border group will support and encourage collaboration around CSR. FirstFarms hopes and expects, that our CSR initiatives will contribute to the fulfilling of selected UN’s Sustainable Development Goals.

