



First Farms

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

CF. SECTION 99A OF THE DANISH FINANCIAL STATEMENTS ACT



First Farms



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1. INTRODUCTION

FirstFarms acquires and manages agricultural enterprises in Eastern Europe. We develop individual farms to modern businesses that deliver milk, meat and grains of the highest quality to the local food processing companies. FirstFarms contributes to, and approve, the development towards a more sustainable agriculture. Our ambition is to become one of Europe's best agricultural enterprises in terms of earnings, efficiency and sustainable transition within a few years. Our values – Responsibility, Respect and Passion - together with our DNA are reflecting who we are, how we run our business and how we approach our stakeholders.

We are fully aware of the great responsibility it is to run a modern and efficient agricultural enterprise. We run our business by taking care of our animals, the environment, our employees and involvement in local communities. Therefore, Corporate Social Responsibility (CSR) is one of the strategic working areas in FirstFarms. Every day we make an effort to make our production more sustainable, improve working conditions and support local communities. Our CSR work is targeting to support and contribute to selected United Nation's Sustainable Development Goals, as "Zero Hunger", "Life on land", "Climate action" and "Decent work and economic growth".

FirstFarms has during 2019 worked on the activities presented in our CSR report 2018. Some of the activities were accomplished in 2019, other we will continue to work on in 2020 and new ones for 2020 are defined. Besides this, we have during 2019 worked on strengthening the organisational engagement in CSR work across all our subsidiaries.

As a listed company on the Danish Stock Exchange, FirstFarms will follow Nasdaq's recommendations to CSR reporting called ESG reporting. ESG reporting presents data and non-financial key figures about the company's work within Environmental, Social and Governance areas and will thus provide insight into the sustainability performance of FirstFarms. Each year we will expand the numbers of ESG-data and non-financial figures presented in our annual CSR report. It is crucial for FirstFarms that our non-financial figures are reliable. Therefore, one of our priorities in 2019 was establishment of the ESG data reporting processes and improvement of data quality across the group. High quality data are the basis for reliable calculations of our performance on sustainability.

Scope of the data collection: This CSR report contains ESG performance data from the parent company FirstFarms A/S and subsidiaries controlled by FirstFarms A/S in the reporting year. Thus, data regarding environmental impact does not include data from the parent company FirstFarms A/S. The parent company's head office is located in the rented office in Billund, Denmark, has 6 employees employed and performs only administrative tasks. Therefore, it is assessed, that environmental impact of the parent company FirstFarms A/S with head office in Denmark is limited.

2 NO HUNGER



8 DECENT WORK AND ECONOMIC GROWTH



13 CLIMATE ACTION



15 LIFE ON LAND



2. FOOD PRODUCTION WITH FOCUS ON THE CLIMATE AND ENVIRONMENT

FirstFarms is an agricultural company, that produces vegetable and animal proteins of high quality. To be able to contribute to the fight against hunger and continue to produce high quality proteins, we have to run a sustainable agriculture. We are aware that our operations have an impact on climate and environment. Therefore, by supporting sustainable goals as “Life on land” and “Climate action”, we are striving to reduce our climate and environmental impact, while adapting our business to climate changes. In our approach to sustainability work, we take into account the complexity of all its aspects.

2.1 FIRSTFARMS' ENVIRONMENTAL POLICY

Our approach to environmental issues is presented in FirstFarms' environmental policy, that defines the areas our company is working on in order to minimise environmental impact from our operations. The main purpose of the policy is to present FirstFarms' approach to environmental issues to our employees and ensure that decisions made in the company take environmental considerations into account and are in line with this policy.

Through FirstFarms' environmental policy our company commits to:

- Continuously improve our environmental performance.
- Present credible environmental performance to our stakeholders.
- Strengthening the organisational engagement in improvement of our environmental performance.
- Engage in a dialogue with our stakeholders on the environmental issues.

The areas our company is working on in order to minimise environmental impact from our operations, and performance on this work will be presented in the annual CSR report.



2.2 RESPONSIBLE USAGE OF RESOURCES

In FirstFarms, we believe, that healthy economy together with responsible and effective usage of resources are interconnected with sustainable production. FirstFarms is striving towards circular economy, where we have focus on reutilisation of resources and waste reduction. Products, we are producing are sold locally, thus reducing transport and CO₂ emission.

Resources are becoming scarcer, and water is one of them. Our production is depending on water, and as clean and fresh water becomes increasingly scarce, it is crucial to monitor and optimise our water withdrawal. FirstFarms' total water withdrawal is presented in our CSR report including withdrawal of surface water, rain water, ground water, third-party water and recycled water. In FirstFarms we do not irrigate our arable fields yet, but it could become necessary, as climate changes become more extreme.

FirstFarms' water withdrawal increased with 45 % in 2019 compared to 2018, as our production volume increased due to the acquisition of a new subsidiary in Slovakia with pig and crop production activities.

Indicator	Unit	2019	2018
Total water withdrawal	m ³	340,733	234,434

In FirstFarms, we are aware that our production is energy intensive, and we have always been striving to improve our energy efficiency and thus reduce our environmental footprint. In this year's CSR report, we present our total energy consumption, that includes fuel and energy consumption within the organisation. FirstFarms makes constantly investments in technologies and equipment in order to reduce energy consumption. In 2019, in our milk production in Slovakia, we made investments in new LED lights and ventilation system, that have lower energy consumption. Moreover, in the milk production in Slovakia, we are using the heat produced from cooling the milk to warm water for cleaning, thus avoiding waste of energy.

FirstFarms' energy consumption increased with 22 % in 2019 compared to 2018, as our production volume increased due to the acquisition of a new subsidiary in Slovakia with pig and crop production activities.

Indicator	Unit	2019	2018
Total energy consumption	GJ	140,887	115,534

FirstFarms continues to work on improvement of the feed conversion ratio in the pig production and feed efficiency in the milk production. Using best practices and the newest knowledge, we are constant working on improvement of animals' diet and feed nutritional plans. Simultaneously, our investments in the feeding technologies ensure that animals receive an optimal amount of feed at the right time and thus reducing feed waste. These efforts are not just contributing to the business, but also to the reducing of our environmental footprint. Feed conversion ratio in the production of piglets is on satisfactory level and has no major changes in 2019 compared to 2018, however there is a little improvement. Feed conversion ratio among slaughter pigs slightly increased in 2019 compared to 2018. In 2020, FirstFarms will strive to improve feed conversion ratio among slaughter pigs.

Feed efficiency in the milk production has been improved with 4% in 2019 compared to 2018. Generally, feed efficiency has improved in the milk production since 2017, and FirstFarms will continue to work on this positive development.

Indicator	Unit	2019	2018	2017
Feed conversion ratio, piglets	kg feed intake/kg weight gain	1.64	1.65	1.84
Feed conversion ratio, slaughter pigs	kg feed intake/kg weight gain	2.58	2.55	-
Feed efficiency, dairy cows	kg ECM*/kg DMI*	1.32	1.27	1.14

*ECM - Energy Corrected Milk
DMI - Dry matter intake

2.3 PESTICIDES AND FERTILISERS

Usage of pesticides and fertilisers remains a focus area in FirstFarms. Through the years, we have been investing in technologies, that ensure more precise adding of fertilisers and pesticides, thus reducing the impact on the environment. FirstFarms' professional approach to the soil management, including regular soil analysis, effective crop rotation and cover crops, is contributing to the improvement of the soil's health status and reducing the usage of fertilisers and pesticides. One of our CSR activities for 2019 was to develop and implement a measurement system, that would indicate FirstFarms' usage of fertilisers and pesticides through the years, and which could be applied across all our production sites. Current status on this activity is, that we are still in progress and will continue the work in 2020.





3. ANIMAL WELFARE

FirstFarms' operations include handling of live animals in milk and pig production. Providing animal welfare to our animals is a cornerstone for delivering high-quality products. Our company is committed to maintain a high level of animal welfare within a framework of modern and efficient conventional production system.

FirstFarms has an Animal welfare policy that presents the company's approach to management of animal welfare. FirstFarms complies with all applicable legal and regulatory requirements in the area of working with live animals.

Daily established routines on all our farms are targeted to improve the health status and wellbeing of our livestock. All employees are trained to handle and treat animals in the correct way. With constantly improvement of health status of animals, we are minimising usage of antibiotic treatments. FirstFarms' approach to antibiotic usage is restricted. We are treating animals with antibiotics in serious cases. Antibiotics are not used as preventative treatment. In 2019, we have been working on the development of a measurement system, that indicates FirstFarms' usage of medicine in the herds. We will continue to work on this activity in 2020.

FirstFarms places a great emphasis on housing of our livestock and makes constantly investments in the improvement of the production facilities and biosecurity.

Transportation of our livestock for further breeding between our subsidiaries are conducted by company owned trucks according to the European Union and local legislation. Transportation time doesn't exceed 4 hours. FirstFarms doesn't conduct transportation of the livestock to our customers, which are local agricultural or processing companies. FirstFarms enters a contract agreement only with partners, who are following the legislation of livestock transportation.

More detailed description of the management of animal welfare at our farms are presented in FirstFarms' Animal welfare policy.



4. GREAT WORKING CONDITIONS AND ACTIVE INVOLVEMENT IN THE LOCAL COMMUNITY

4.1 FIRSTFARMS AS WORKPLACE

As stated in FirstFarms' DNA; "We manage agriculture with respect for people". Our employees are core for FirstFarms' development and success. Our company is supporting United Nation's Sustainable Goal: "Decent work and economic growth" and each year we are striving to improve our working conditions in order to offer our employees an attractive and safe workplace. We are also focusing on attracting young people as future employees to our company through active collaboration between educational institutions, students and FirstFarms.

FirstFarms' future development also depends on our employees' knowledge and ambitions. In our company, we consider it important to strengthen our employees' competences and provide them with possibilities to develop new ones. Our employees attend different courses, schooling and seminars. This year, some employees attended international HR seminar and others a crop managers course. In our organisation, we are furthermore working a lot cross-border to encourage organisational learning. On regular basis, we also invite various consultants (advisors), who provide professional sparring and the latest knowledge to our employees within their professional areas.

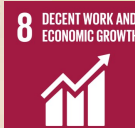
Good working environment in the organisation depends on strong leadership. Development of strong leaders on all levels in the organisation is a high priority. In 2020, we will create and implement an internal leadership development program. The purpose is to provide our leaders with various leadership tools and strengthen their leadership competencies.

FirstFarms has reduced Employee Circulation in 2019 with 9 % compared to 2018. It is an improvement, but not satisfactory. It is challenging for FirstFarms to retain employees in the production. Low attractiveness of agriculture industry and physically hard work are some of the reasons for the high employee circulation. The other reason is the general lack of labour. FirstFarms in Slovakia hires foreign employees from Ukraine, who have a temporary work permit and travel back home after a shorter employment period. We believe that the initiatives for 2020 presented above will improve employees' retention.

Indicator	Unit	2019	2018	2017
Total number of FTEs (as of 31 December)	Number	312	279	267
Employee circulation rate	%	16	25	30

* Compared to last year, this year FirstFarms has changed the methodology for calculation of Employee Circulation Rate following Nasdaq's recommendations to ESG key figures. Therefore, Employee Circulation Rate is recalculated for the last four years.

Calculation methodology: $(\text{Number of employees left during the year} / \text{Number of full time employees (as of 31 December)}) * 100$



4.2 GENDER DIVERSITY

ALL EMPLOYEES

As an international company, we have employees with different cultures and backgrounds. In our organisation we believe, that diversity is our strength. In FirstFarms' recruitment process, we are encouraging to apply all candidates irrespective of age, gender, race, disability, religion or ethnic background.

In 2018 and 2019 proportion of female in total number of full time employees was 26 %. Comparing to other companies in the agricultural industry it is satisfactory. FirstFarms is striving to attract more female employees to our organisation. However we must admit, that it is challenging as farming has always been considered primary a male occupation.

BOARD OF DIRECTORS AND MANAGEMENT

Cf. Section 99 b of the Danish Financial Statements Act

The Board of Directors consists of 4 members; of which all are men. FirstFarms has a goal that at least 25 percent or at least one member of the company's Board of Directors before 2023 shall be of the underrepresented sex. In 2019, no members of the Board of Directors were replaced. FirstFarms has chosen only to outline for companies in Denmark, and as there is below 50 employees in Denmark, no policies have been stated about other managerial positions.

GENDER DIVERSITY ALL EMPLOYEES

Indicator	Unit	2019	2018
Total number of FTEs (as of 31 December)	Number	312	279
Gender Diversity (proportion of female FTEs)	%	26	26

GENDER DIVERSITY BOARD OF DIRECTORS FIRSTFARMS A/S

Indicator	Unit	2019	2018
Members	Number	4	4
- Female	Number	0	0
- Male	Number	4	4
Gender Diversity (proportion of female members)	%	0	0



4.3 SAFETY

FirstFarms is constantly working on safety improvement. In 2019, we invested in defibrillators on our sites in Czech Republic, Hungary and Slovakia and our employees received detailed introduction on how to use them. Next step is completion of First Aid Courses on all sites in the beginning of 2020.

All our subsidiaries comply with local labour safety legislation, and we have a target to increase our safety standards. Therefore, as from 2020, we will work on improvement of the general safety in FirstFarms with focus on near miss accidents and support an organisational safety culture, where all employees are aware of safety issues and working together on safety improvement.



4.4 INVOLVEMENT IN THE LOCAL COMMUNITY

FirstFarms' investments are long-term and based on active ownership. We are striving to be great neighbours to the local communities. We behave properly and are always open for dialogue with local citizens. When we take over a new farm, one of our priorities are to establish or continue to have good relations to the local community.

We are also proud to show our operations to the local citizens. This year, we continued our tradition for Open Days in Slovakia. Our employees in Slovakia spent a lot of hours on preparing the event, and their efforts were paid back. 800 happy children from local kindergartens, schools and another 1,200 visitors visited our dairy farm in Slovakia during the event, which took place over 3 days. We will not hide our pride, that the Open Days event was a success.

FirstFarms is also contributing to education of young generations in the local communities. Our company provides a number of internships for the students. Future veterinarians and farmers get possibility to combine their theoretical knowledge with practical experience on our farms. Moreover, FirstFarms supports local rural schools and makes sponsorships to different educational activities.

FirstFarms also made a number of other donations to different events in the local communities, where we operate. Without exception this year, we handed out Christmas presents to the local kindergartens, schools and children's homes.



Open Days in FirstFarms



Handing over Christmas presents



Contributing to education of young generations



Donations to local events

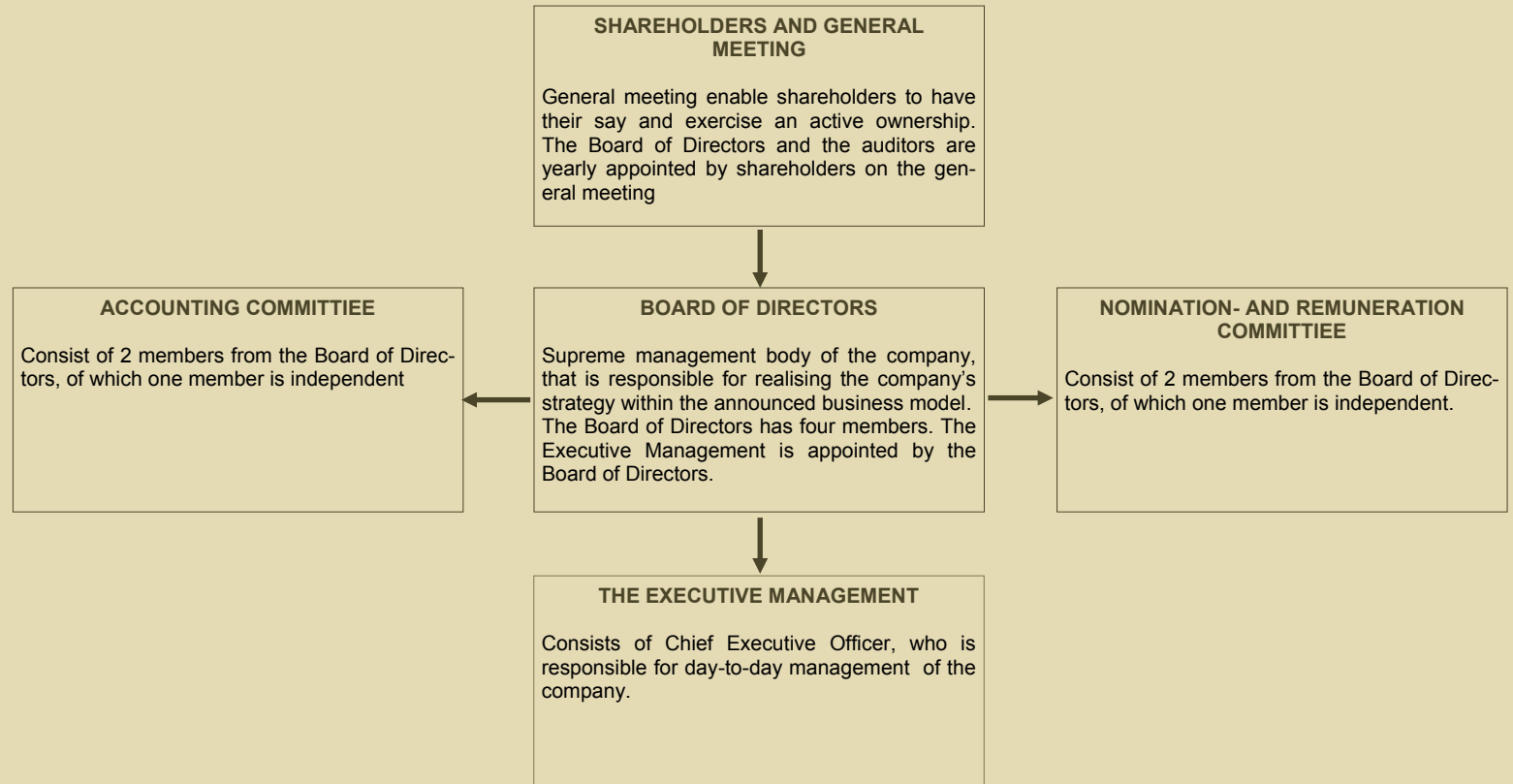
5. GOVERNANCE

Corporate Governance – or company management – is the company's overall framework and guidelines, which determines its goals and the Management's tasks and business opportunities. FirstFarms is a public limited company. In accordance to The Danish Financial Statements Act § 107b and "Recommendations for good Corporate Governance", FirstFarms as a listed company shall explain how it complies with the recommendations. In FirstFarms, this means that the company explains how the recommendations are interpreted and complied with and explains, if the recommendations are deviated. Each financial year, in connection with Annual Report disclosure, FirstFarms presents a statement on Corporate Governance (<https://www.firstfarms.dk/en/investor-relations/corporate-governance/2020-annual-report-2019/>)

FirstFarms didn't establish a governance structure that exclusively focuses on CSR related issues. The Board of Directors, in collaboration with the Executive Management, sets the direction for FirstFarms' CSR strategy, approves policies and sets targets. Subsequently, the Executive Management reports on the implementation of the strategy and progress on targets.

CSR strategy implementation is a responsibility of the Executive Management and the management in local subsidiaries. The administration in FirstFarms' head office in Billund coordinates activities, ensures compliance with policies and controls the reported CSR data.

FIRSTFARMS GOVERNANCE STRUCTURE



BOARD OF DIRECTORS FIRSTFARMS A/S

Indicator	Unit	2019	2018
Members	Number	4	4
- Female	Number	0	0
- Male	Number	4	4
Gender Diversity (proportion of female members)	%	0	0
Board meetings	Number	11	11
- Attendance	%	95	98

5.1 FIRSTFARMS' CODE OF CONDUCT

FirstFarms has not implemented a Human Rights policy. FirstFarms has decided not to have a separate Human Rights policy. Instead it will be incorporated in our Code of Conduct, which is under preparation and expected to be implemented in 2020. FirstFarms is not aware of any human rights violations in 2019.

Our Code of Conduct will outline internal norms, rules and responsibilities, that will guide the entire FirstFarms' organisation to make ethical responsible decisions and thus conduct business honestly and with integrity. Our Code of Conduct will be based on The Ten Principles of the United Nations Global Compact and concerns four main areas; Human Rights, Labour, Environment and Anti-Corruption.

FirstFarms has a zero-tolerance policy towards corruption and bribery. 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 or bribery in FirstFarms in 2019.

5.2 WHISTLEBLOWING POLICY

In 2019, we have also been working on development of a Whistleblowing policy. This policy will be a supporting tool to our Code of Conduct and will ensure that our company continues to conduct business honestly and with integrity. Through the Whistleblowing policy, FirstFarms will encourage our employees and external stakeholders to report suspected misconduct, illegal acts or noncompliance with internal policies and procedures; including FirstFarms' Code of Conduct.

The Whistleblowing policy will be implemented in 2020.



6. CSR ACTIVITIES FOR 2020

ENVIRONMENT

- Working on reduction of water and energy consumption.
- Continue to work on development and implementation of the measurement system, that illustrates FirstFarms' usage of fertilisers and pesticides.
- Continue to work on development and implementation of the measurement system, that illustrates FirstFarms' usage of antibiotics.

SOCIAL

- Development and implementation of the internal leadership development program;
- Further reduction of Employee Circulation Rate;
- Improvement of FirstFarms' safety standards. Improvement of safety culture across the organisation and work with nearby accidents.

GOVERNANCE

- Implementation of FirstFarms' Code of Conduct;
- Implementation of FirstFarms' Whistleblowing policy.



7. FINAL REMARKS

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 2020, 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.

