

2020

BAADER ///

LINCO Food Systems A/S

Corporate Social Responsibility



Introduction to

Corporate Social Responsibility

This is the official Corporate Social Responsibility (CSR) statement of LINCO Food Systems A/S. LINCO Food Systems A/S is part of the BAADER Group. We are a family-owned business with more than 1200 employees around the world. We design and engineer innovative and holistic solutions for all phases of professional food processing.

LINCO Food Systems A/S develops, produces and sells machines and complete plants for slaughtering and processing of poultry as well as weighing and grading equipment, also

used in the fish industry as well as other food industries. Sales, marketing and service in several important markets takes place directly through subsidiaries (from annual statement 2018).

At LINCO Food Systems A/S we aim to design intelligent solutions that measure, monitor and notify in order to optimise processes throughout the poultry plant and thus provide our customers with a sustainable competitive advantage through an optimised use of resources.

Our vision is to ensure a biosecure environment throughout the value chain; from the farm, within the process and to the customer.

Thus, we aim to design our live bird handling systems to best reduce bird stress and injuries to a minimum. Just as we aim to provide safe food processing factories to our customer all over the world by implementing effective food safety and hygiene practices to minimise the risk of contaminating the final product.

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Business Model

The poultry business unit develops, manufactures and sells poultry processing equipment – from live bird handling to final product dispatch. The product portfolio encompasses live bird handling systems, slaughtering, evisceration, chilling, cut-up, deboning, distribution and grading and batching machines operating hand in hand to cover the entire poultry processing chain.

With more than 75 years of experience, LINCO Food Systems A/S has gathered a comprehensive knowledge of the global poultry industry's demand and needs for processing solutions. In our solutions, we aim to implement the ideal processing practices with respect to animal welfare and food safety, and to provide our customers with a competitive advantage with reliable poultry processing equipment.

Like the business activities of the fish processing division, the poultry processing division also covers the manufacturing of individual machines, systems and comprehensive plants. Apart from the production and sale of machines, the spare parts and service businesses are also essential and has expanded strongly in recent years.

Market demands and technologies constantly develop, which is why LINCO Food Systems A/S always keeps an eye on the market changes in order to develop and improve the portfolio of machines and solutions aimed for the global poultry processing industry.



LINCO Food Systems A/S' processing solutions cycle

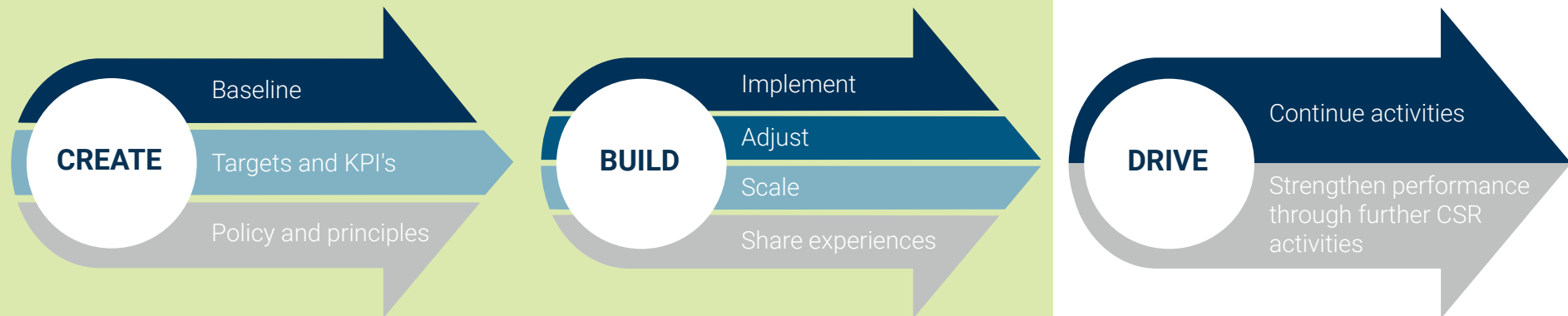


Our Work with CSR

LINCO Food Systems A/S has been working with sustainability, human rights, ethical business conduct and creating good conditions for our employees for many years. This is, however, the first time we develop a CSR report.

We consider this step a positive development for our company and a good opportunity to work with sustainability, human rights, ethical business conduct and good conditions for our employees in a better and more structured way, with goal setting and using CSR as a part of LINCO Food Systems A/S' strategy.

We are using this opportunity to use 2020 as a baseline for our future development within CSR. Nevertheless, we are well aware that our focus areas and goals might differ from year to year, but we will do our best to create a company with an unremittingly focus on sustainable business practices.



LINCO Food Systems A/S recognises that working with CSR is not only a strategic tool, but something which all employees should be involved in as we wish that working with CSR should be a natural part of all employees' every day work. This is why the Co-operation Committee works to engage all employees in the CSR work.





Placing Sustainability on the Agenda

LINCO Food Systems A/S welcomes the Sustainable Development Goals (SDGs) from the UN and sees them as a relevant framework to guide governments, organisations and people to make better decisions and take better actions towards a more sustainable future. At LINCO Food System A/S, our area of focus will be the following targets.

The following four targets are our focus points and we will continuously work with the SDGs to gain insight into becoming a more sustainable company.



Target 4.4

Contributing to increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.



Target 5.5.2

Ensure women's full and effective and equal opportunities for leadership at all levels of decision-making in political, economic and public life – with our focus on proportion of women in managerial positions.



Target 8.8

Protect labour rights and promote safe and secure working environments for all workers.



Target 12.5

Reduce waste generation through prevention, reduction, recycling and reuse.

Environment and Climate

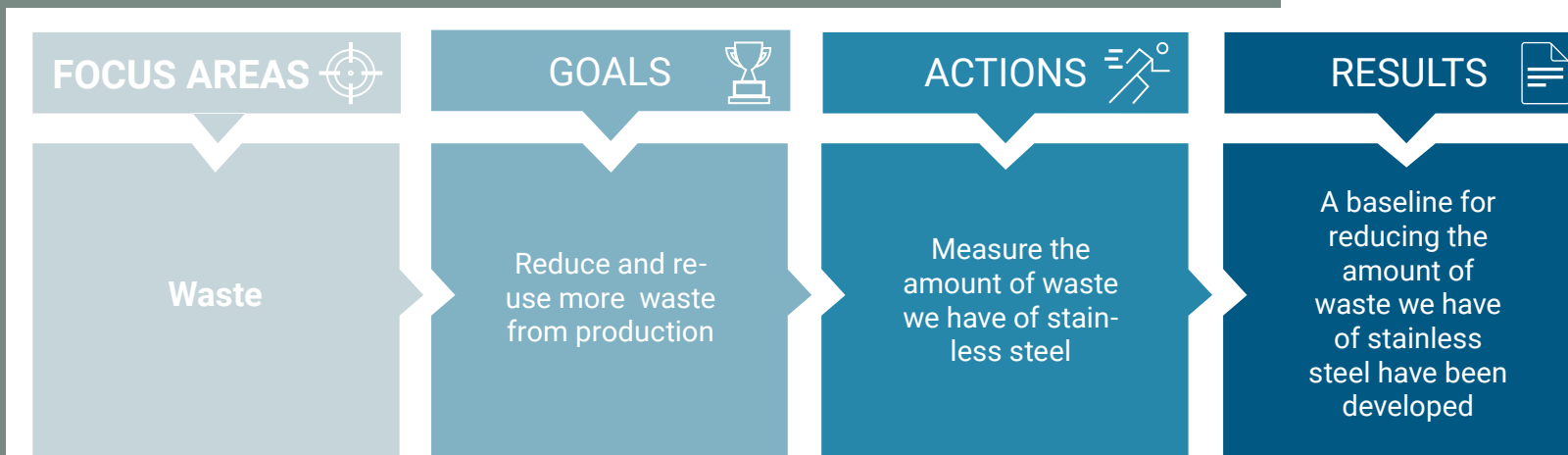
Sustainability

The world is facing a global crisis of global warming and climate change. In December 2019, the Danish Government adopted a new Climate Change Act, under which Denmark is committed to reduce the emission of greenhouse gasses by 70 % using 1990 as a baseline. To be able to achieve this goal and possible more, it is important that we all do our part to protect our planet, as we know it. Therefore, we at LINCO Food Systems A/S are committed to doing our part as well.

LINCO Food Systems A/S will focus on reducing our waste and continue improving the utilization of the raw material entering our production.

Our world has limited resources and we run the risk of running out of our natural resources, which is why we have turned our attention to our raw materials. LINCO Food Systems A/S wants to utilize our resources as good as possible to limit our waste from production.

The future goal is to implement processes that focus on limiting our waste from production within the area of stainless steel.



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Animal welfare

The environment and climate is not the only concerns of LINCO Food Systems A/S. As a global manufacturer of live bird handling equipment, LINCO Food Systems A/S recognises that our solutions, the equipment and workforce have an impact on how animals are handled.

Animal welfare plays a crucial role in our mission statement and we feel committed to drive up animal welfare standards within the poultry processing business. It is our objective to ensure environmental, transportation and slaughtering conditions that minimise stress and suffering for the animals, and we use digital technology to enable real-time bird-behaviour monitoring to help our customers ensure proper animal welfare in their production. Therefore, we also offer our customers in-depth training on how animal welfare is best ensured during catching, transport, shackling, stunning and slaughtering.

We are committed to ensuring that employees working with live bird handling or related equipment have deep insight into legal regulations as well as best practices and animal welfare guidelines defined by LINCO Food Systems A/S and based on our many years of experience with live animal handling.

In addition to meeting EU legislation, we strive to work with independent organisations and customers worldwide to develop a range of products that deliver the highest animal welfare conditions.

Working with expert organisations

We have previously exchanged experiences with The Royal Society for the Prevention of Cruelty to Animals (RSPCA, England and Wales), an organisation working to encourage welfare improvements across industries, and we make an effort to live up to the welfare standards developed by RSPCA e.g. by implementing a camera monitoring system during the stunning process.

With great dedication to animal welfare standards, we partnered our engineering team with the experts in poultry science at Auburn University's Poultry Science Department (USA) on the development of a new Controlled Atmosphere Stunning system. Once the equipment was finished, we decided to donate the first Above Ground CAS system to Auburn University to provide Auburn's scientists an advantage in their research on how carbon dioxide CAS systems influence animal welfare.

Best use of raw materials

Efficient processing solutions are our contribution to a sustainable food industry. We engineer our machinery to minimise the use of resources and we design our poultry processing solutions to maximise the use of each bird entering the processing plant. Our equipment and software solutions enable our customers to assess how each bird should be processed in relation to its individual characteristics, whereby the intake resource is fully utilised and waste is minimised. We use advanced weighing and vision technology as well as sophisticated distribution algorithms to determine best use of each bird.

Food safety

As a supplier to the food industry, we are obligated to ensure food safety throughout our processing solutions. We follow rigorous procurement processes to ensure that we select safe, high quality raw materials when developing our machinery, and hygienic designs that enable our customers to thoroughly cleaning the equipment, are a prerequisite for approving a machine for final launch.

When assisting our customers in designing new solutions, we carefully organise the processing flow to implement clearly separated hygiene zones thereby avoiding cross-contamination that challenges food safety.

Live bird transport equipment can easily transmit bacteria, which is why we have developed highly efficient washing and disinfection systems.

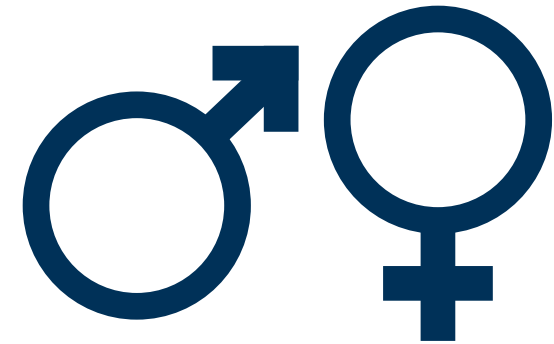


Social Conditions and Conditions for Employees

One of the most important resources in LINCO Food Systems A/S are our employees and their extensive knowledge and experience. As we develop, manufacture, install and service all of machines ourselves, the people within the organisation have extensive knowledge about all the processes in connection with manufacturing our machines. Therefore, we are committed to providing a good and healthy working environment for all of our employees. Furthermore, training and educating our employees is an expressed goal from management.





Diversity and equal opportunity

LINCO Food Systems A/S does not tolerate any form of discrimination on the grounds of race, skin colour, gender, language, ethnicity, political or other views, cast, national or social origin, wealth, birthplace, union affiliation, sexual orientation, health, age, disability or other characteristics. We want to offer equal opportunities for all our employees, regardless of the above characteristics. This is further expressed in our Code of Conduct.



Equal opportunities for all genders have attracted much attention the last couple of years. In our recruitment process, LINCO Food Systems A/S is very aware that gender distribution within the company should reflect the distribution of women and men in society, and when seeking and selecting new employees we are aware of the importance of limiting the unconscious biases in the recruitment process.

Our future goal is to continuously work for better social conditions for our employees and collaborate with the local community, as we consider this goal beneficial for all parties.

FOCUS AREAS 	GOALS 	ACTIONS 	RESULTS 
Private healthcare insurance	Increase the number of employees included in the private healthcare insurance the company offers	Make the insurance company open their offer to all employees	We have increased the percentage of employees included in the private healthcare from 84.4% to 96.3%
Training and education of employees	Increase training and education of employees	Mapping internal training and education	A baseline for internal training and education have been developed
Diversity	Work towards a more equal gender distribution	Mapping gender distribution in the company	A baseline for further working towards a more equal gender distribution have been developed

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Business Ethics

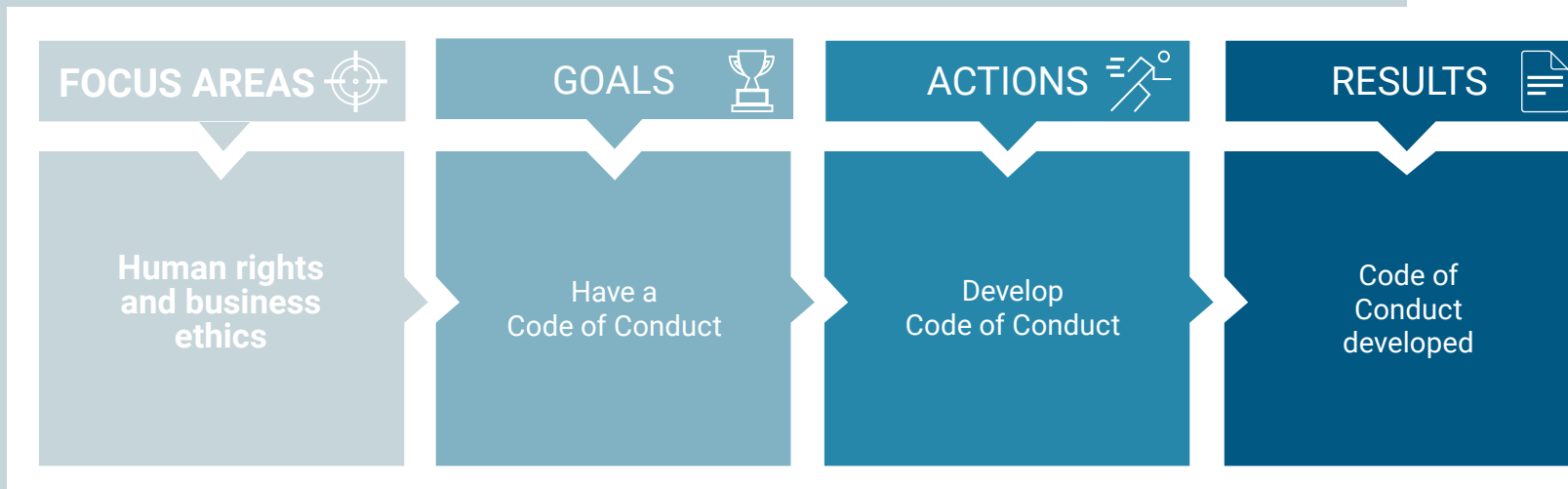
Respect for Human Rights

LINCO Food Systems A/S conduct business all over the world with many suppliers and customers from many different countries. Not all countries have the same approach towards human rights. To make sure that all our employees know which standards to comply with and how to act in a way that LINCO Food Systems A/S find acceptable, we have developed a Code of Conduct.

Our Code of Conduct focuses on human rights, including labour rights, forced labour, child labour, anti-corruption and environmental principles.

Our approach toward human rights is based upon The Ten Principles of the UN Global Compact*.

The next step for our company is to train our employees at LINCO Food Systems A/S on how to use our Code of Conduct. As the Code of Conduct covers many areas and each area is related to local rules and regulation, this is a comprehensive process set to begin in 2021.



* United Nations Global Compact. *The Ten Principles of the United Nations Global Compact.*
URL: www.unglobalcompact.org



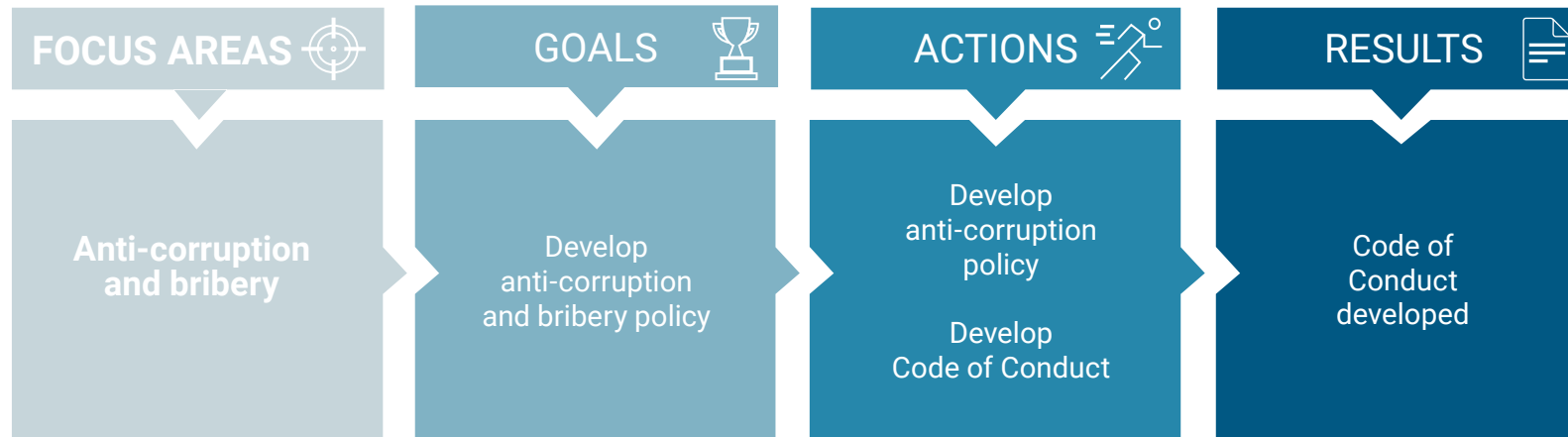
Anti-corruption and Bribery

Global trading is a big part of our business model and we depend on the mutual trust between LINCO Food Systems A/S and our suppliers. Bribes, corruption and facilitation payments are still a part of doing business in many places throughout the world. In LINCO Food Systems A/S' policy we distances ourselves from such conduct and we wish to work actively against all types of corruption, as corruption goes against the core values of LINCO Food Systems A/S.

We therefore expect all our employees and business partners to act in accordance with the law, regulations and standards of the countries in which we do business. Furthermore, we have de-

veloped a Code of Conduct, which we expect our employees to comply with. We want to take these steps towards good and ethical business relationships.

Moving forwards with the area of corruption and bribery, the next step for LINCO Food Systems A/S will be to train and inform employees in LINCO Food Systems A/S about our Code of Conduct. Furthermore, developing a whistleblower scheme is one of our future goals as such scheme will make it possible for all employees to anonymously report any irregularities they might face – whether it be customers, suppliers or LINCO Food Systems A/S.



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