

# CSR REPORT 2014



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# FOREWORD

Welcome to the DLG group's second CSR report.

As the second-largest agricultural company in Europe, DLG plays an important role as both purchaser and supplier of raw materials, crops, feed and other inputs in the first stage of production of foodstuffs. Together with our foodstuffs companies and energy business, this means that we have a central position in both the Danish and European agriculture and foodstuffs cluster. This also means that we as a company have a social and environmental responsibility. This requires DLG to focus on all segments of the value chain.

In 2012, we adopted the UN's Global Compact, which is an international initiative with ten principles focusing on corporate responsibility. As part of the Global Compact, DLG is working to implement the principles in human rights, workers' rights, environment and anti-corruption in the group's daily operations. At the same time, DLG is committed to actively communicate the group's CSR activities and results in an annual progress report, known as a Communication on Progress (COP).

This is DLG's COP, in which we publish our goals and our actions, whilst at the same time describing the areas where we hope to progress over the course of the coming year.

2014 was an eventful year rich in lessons for our work in social and environmental responsibility.

Over the course of the year we have, among other things, adopted our first over-arching group CSR policy, continued the work of charting our existing CSR initiatives, constructed a systematised CSR organisation and begun implementation of a series of initiatives within each of the Global Compact principles.

It was also in 2014 that DLG entered the Chinese market and formulated our three core values: Trustworthy, Value-creating and Ambitious. This reflects the fact that DLG has increasingly grown to be a globally oriented group, and it illustrates our drive to continually reach still greater levels of sustainability.

Our social responsibility will be coming under ever greater focus as we grow on the international market. Our network of suppliers and customers is continually expanding, and it is important that we maintain central principles within human- and workers' rights, environment and anti-corruption. This is not only because the company wishes to move in this direction, but also because we believe that as a globally-oriented group with nearly 7,500 employees, we bear a social responsibility.

A company's work in CSR must be measured by its actions. Over the coming year we will therefore be working to further integrate social and environmental responsibility in our business areas, strategies and policies and set new goals for the individual business units.

We are pleased and proud to be able to confirm, by way of this progress report, our continued support of the UN Global Compact and the ten principles.



Kristian Hundebøll  
(CEO)

Lars Sørensen  
(Deputy Group CEO/CFO)

A stylized, handwritten signature in black ink, likely belonging to Kristian Hundebøll.

A handwritten signature in black ink, likely belonging to Lars Sørensen.



# WHAT DID WE PROMISE IN 2014 - AND WHAT WERE THE RESULTS?

## CROSS-SECTORAL GOALS

✓ Adopt an over-arching CSR policy for the group in 2014	÷ Expand common accounting principles for CSR data for use in the report, including data on energy, employees and supply chain management etc. - ongoing
✓ Initiate a broader dialogue with our stakeholders (customers, owners, employees and suppliers)	
✓ Expand the scope of the CSR project to also include Team AG and GASA Group	

## RESPONSIBLE SUPPLY CHAIN MANAGEMENT

✓ Focus on developing the company's supply chain management system in order to better handle future risk - ongoing	
✓ 90 per cent of suppliers must have a certified quality management system, of which the greatest amount possible must be GMP-certified for feed - ongoing	

## FOOD SAFETY AND QUALITY

✓ Knowledge sharing across food product companies	
✓ Implement a training cycle for company quality- and product managers	
✓ Provide training in supply chain management and supplier evaluation	
✓ Assist with the development of ISO standards for feed production and audit of the ISO 22000-standard	

## ENERGY AND ENVIRONMENT

- ✓ Realise additional savings in energy consumptions, including introduction of a common goal of 2% energy savings for feed production facilities in DLG Supply
- ✓ Maintain optimisations in fuel consumption by replacing the remaining vehicle fleet in DLG Denmark
- ✓ Smaller Carbon Footprint in feed production by developing feeds that can contribute to reduced emission of methane from ruminants

## ANTI-CORRUPTION

- ✓ Develop anti-corruption guidelines/policy

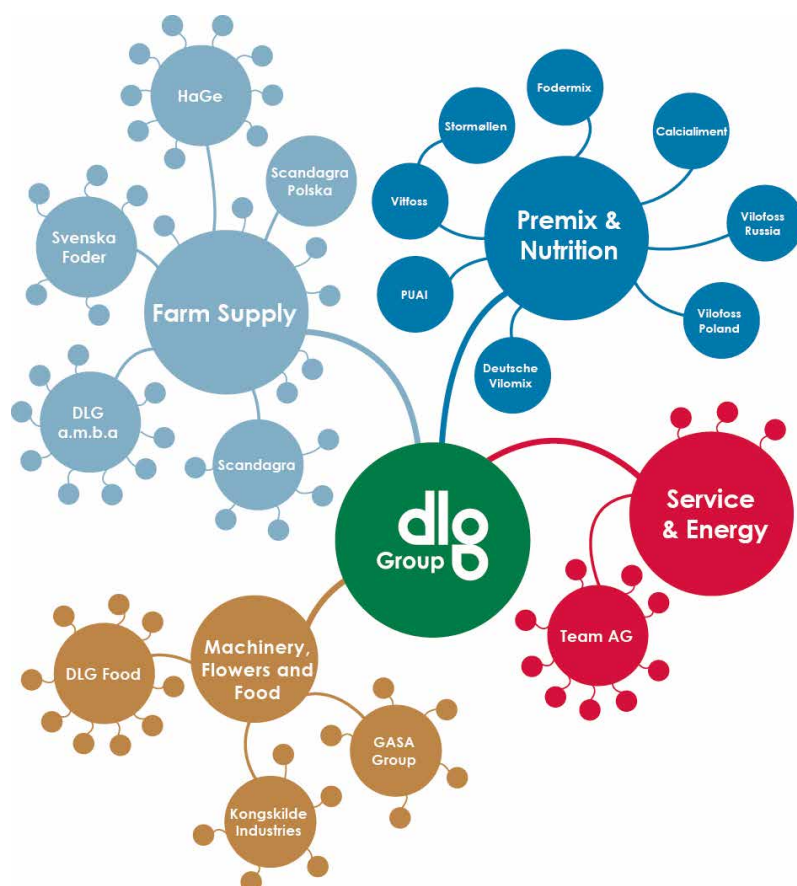
## WORKERS, WORKING ENVIRONMENT AND DIVERSITY

- |   |   |
|---|---|
| ✓ Strengthen procedures for incident response   | ÷ Develop target figures for women in retail departments and subsidiaries - <i>goal not carried over</i>              |
| ✓ Reorganise the working environment organisation   | ÷ Strive for women to comprise half of the participants in DLG's managerial activities - <i>goal not carried over</i> |
| ✓ Electing women into DLG's committee of representatives in 2014  |   |
| ✓ Elect a woman to DLG's board by no later than 2018  |   |
| ✓ Maintain focus on women in management in annual employee development meetings, employee meetings- and newsletters |   |



# ABOUT DLG

The DLG group is Europe's second-largest agricultural firm and has approximately 29,000 farmers as owners. In less than ten years, the DLG group has gone from being a purely Danish cooperative to an international group with 40 subsidiaries in more than 20 countries.



In 2014 the group saw a turnover of approx. DKK 59.2 thousand million, making DLG Europe's second largest agricultural products company. DLG now realises the majority of its business on the international market.

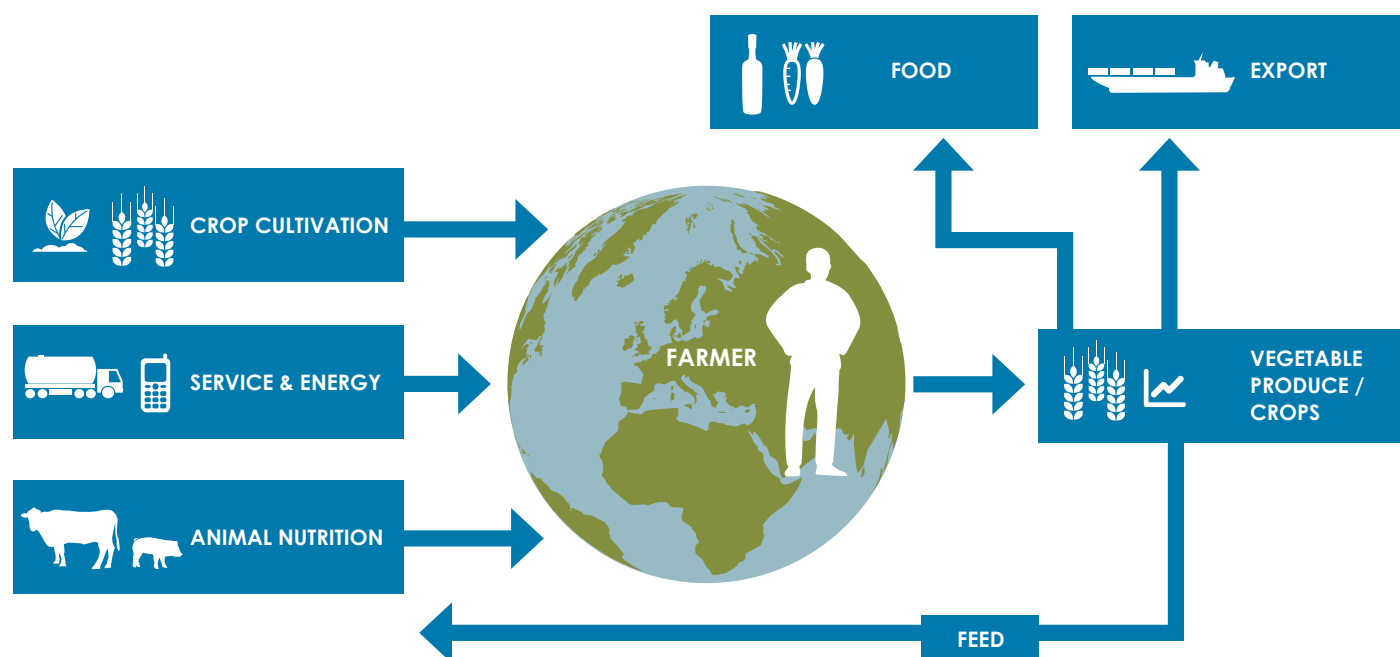


DLG has approximately 7,500 employees, 3,000 of whom are based in Denmark. Germany is the group's largest market. Germany is also the largest in terms of jobs. Approximately 3,800 workers are employed in the three largest German subsidiaries: HaGe, Team AG and Deutsche Vilomix. DLG's most important business areas include agricultural products, Vitamins & Minerals and Service & Energy.

As a group, DLG has many different roles: DLG **supply** farmers with feed from its own plants, seed, agricultural lime, crop protection, and fuel for daily operations. The group's activities include, in addition to agricultural products, planting seed, crop protection and vegetable products, as well as farming machinery, vegetables, fruit and potatoes for catering and retail sale. In addition, the group's business areas also include telecommunications, sale of potted plants, etc.

The DLG group is also one of Europe's largest **exporters** of malt barley, seed, feed and bread grain and rapeseed. Through the group's affiliated companies, DLG is also involved in **pre-processing** vegetable crops such as rapeseed oil, ready-to-eat salads and pickled products.

DLG has its own store chain, Land & Fritid, through which DLG provides **consultation and sales** of products for home, garden, domestic animals, telecommunications and much more.



## DLG'S SUBSIDIARY- AND AFFILIATED COMPANIES, WITH SPECIFICATION OF THE LEVEL OF OWNERSHIP DLG HAS IN THE INDIVIDUAL COMPANIES

DLG is a legally independent unit. The company's business name is Dansk Landbrugs Grovvarereselskab a.m.b.a. The company is a cooperative with limited liability, a.m.b.a., based in Axelborg in Copenhagen. The company's purpose is to:

- Acquire agricultural products for members at optimal quality
- Pre-process and sell members' commercial crops

- Support members with an extensive array of services and tools
- Work for the benefit of farmers by ensuring members the best possible production economy through both national- and international activity

● 100% ownerships    ◐ Subsidiaries    ○ Associated companies

FARM SUPPLY	PREMIX AND VITAMINS	SERVICE & ENERGY	OTHER AREAS
Livestock nutrition, crop production, crop handling	Special feed, premix og amino acid	Telecommunication, energy, insurance and retail	Machinery, flowers and food
DLG A.m.b.a. ●	Vitfoss ●	Team AG (51,6%) ◐	Kongsild Industries ●
HaGe (54%) ◐	Deutsche Vilomix ●	Land & Fritid ●	GASA Group(93%) ◐
Svenska Foder ●	PUAI (20%) ○	DLG Tele (50%) ◐	DANESPO (50%) ○
ScandAgra (50%) ○	Calcialiment ●	TNM (15%) ○	DLG Food ●
Agro Supply (50%) ○	Fodermix ●		DLG Ingredients ●
DanGrønt Products ●	Vilofoss Russia ●		DLG Food Oil ●
DanHatch (50%) ○	Vilofoss Poland ●		European Freeze Dry (90%) ◐
DLG Vet (50%) ◐	Stormøllen (70%) ◐		GASA Nord Grønt (50%) ◐
Nagro (52%) ◐			Lammefjordens Kartoffelskræller ●
Nomus (50%) ◐			Lammefjords Grønt (74%) ◐
Vitalys (90%) ◐			PureOil (50%) ◐
Danæg (30%) ○			Rapsol ●
Dangødning (35%) ○			Samsø Syltefabrik ●
Dankalk (56%) ◐			
DataLogisk (70%) ◐			
European Crop Protection (47%) ○			
European Fertilizer (47%) ○			
Sejet Plante-forædling (75%) ◐			



„ We believe that our CSR initiative produces the best results when we focus on the areas that create the most value for our key stakeholders: Customers and owners, workers and suppliers - and for DLG as a business. „



” In order to become more systematic, we have therefore initiated in 2013 and 2013 a CSR strategy process and subsequent formulation of a CSR policy that ensures greater overall relevance of CSR-related efforts. ”

# OUR APPROACH TO CSR

We believe that our CSR initiative produces the best results when we focus on the areas that create the most value for our key stakeholders: Customers and owners, workers and suppliers - and for DLG as a business.

In other words, CSR supports our business and helps us reach our strategic goals.

DLG's approach to CSR is driven by three fundamental principles:

- The initiative must be strategic, which means that our activities must be relevant and account for the needs of our stakeholders whilst also strengthening our business.
- We must always keep our focus on what is most significant. This means that we work with the issues on which we have the greatest influence in relation to our market position, as well as the areas that are of critical importance to our ability to operate a profitable business- over the long term as well. Conversely, we also acknowledge that smaller areas where we do not have the greatest impact may well have a major impact on our business and our stakeholders. So it will always be a question of balance.
- The initiative must be conceived so as to be consistently and practically incorporated into daily operations with respect to variations in DLG's business areas.

As such we are aware of the fact that not all CSR topics are equally relevant across all the different business areas in the DLG group, and that our efforts to systematise must also allow room for the differences in the organisation.



## DLG SUPPORTS THE UN GLOBAL COMPACT

DLG adhered to the UN Global Compact in 2012. In 2013 and 2014, DLG focused on creating the internal frameworks necessary to work with the ten principles of the Global Compact in a way that creates value.

In order to become more systematic, we have therefore initiated in 2013 and 2013 a CSR strategy process and subsequent formulation of a CSR policy that ensures greater overall relevance of CSR-related efforts.

This means, among other things, that focus has been on establishing a common understanding in the group of the importance of CSR and ensuring a practical approach to this work. The UN's four focus areas in the Global Compact are therefore also reflected in the description of the various CSR areas in this report.

## THE FOUR FOCUS AREAS OF GLOBAL COMPACT

- Companies must uphold UN human rights
- Companies must uphold labour rights, i.e. acknowledge employee rights to collective bargaining and abolition of forced labour and child labour
- Environment – companies must take the initiative to promote environmental responsibility
- Anti-corruption – companies must fight against all types of corruption

## STRUCTURE OF THE REPORT

This is DLG's second CSR report, in which we present the group's CSR priorities and a snapshot of activity and data in this area. We also aim for the report to provide our stakeholders a clear image of the challenges and opportunities we see in relation to work with CSR, and how we can best manage these.

The report describes DLG's most significant CSR activities for 2014. Over the course of the year, DLG has continued working with the systematic integration of the CSR initiative in the group. Partly through a proper CSR organisation, and partly by continuing to develop a collective overview of activities and data for the entire group.

The purpose of this report is to provide an accurate picture of the process we have gone through, and what we are doing in concrete terms to ensure that we handle



CSR-related challenges in such a way that we can also operate a successful business in the future. It remains a focus area in 2015 to integrate the CSR initiative across the group along with the practical implementation we are working towards.

## SCOPE AND REPORTING PRINCIPLES FOR CSR WORK IN THE DLG GROUP

When compiling this report, we have gathered inspiration from general and recognised principles for CSR reporting. In compiling this report, we sought to describe- and frame ourselves against the larger context of sustainability in which we operate, the completeness of the report, materiality and balance of content.

In 2014, it was our goal that we would develop common accounting principles for CSR data to be used in the report, including data on energy and workers. We are convinced that we still have some way to go, particularly with respect to comparability of consolidated group data.

This work takes time. We have only achieved systematic data collection and developed accounting principles for CSR in parts of the group. In 2015, we will continue working to develop common accounting principles for CSR data for use in the report, including data on energy, employees and supply chain management etc.

For this reason, DLG's 2014 report does not give a "total view" of all the CSR activities and results in the group. On the other hand, the report has been designed to highlight a series of advances in the business areas that we see as the most significant to the business, our stakeholders and for our industry.

DLG's activities in each of the four Global Compact areas are also described: Human rights, workers' rights, environment and anti-corruption. The report covers the majority of DLG's business, beginning with all of DLG a.m.b.a. and majority-owned subsidiaries defined as companies that DLG owns directly or indirectly. Associated companies, in which DLG does not have a decisive influence, are not included in the report.

## COMPANIES SPOTLIGHTED IN THIS REPORT

DLG a.m.b.a., including Food Oil  
DLG's food product companies, known as DLG Food  
DLG Service a/s  
The Vilofoss group  
HaGe Kiel  
Svenska Foder AB  
Team AG  
GASA Group

The reason these in particular have been selected is that they are the largest subsidiaries, and that they are key to reaching strategic goals for 2016. Going forward we will continue to work to include more and more units in our reporting. One goal for 2014 was for Team AG and GASA Group to be included in the CSR report. Team AG is DLG's second-largest company outside Denmark and a central part of the business area Service & Energy. GASA Group is DLG's retail company for floral products. Both are now participants in the work groups in which the CSR initiative is anchored.

As an extension of our wish to work strategically with CSR, DLG does not consider donations as part of its CSR work.

## ENVIRONMENT AND STAKEHOLDERS

The CSR report has been drawn up without any direct involvement of external stakeholders. Naturally, we maintain ongoing dialogue with our stakeholders in various fora, but not a systematic dialogue on CSR. We have identified our most important stakeholders as customers, owners, employees and suppliers. It is our ambition for 2015 to further elevate a systematic dialogue on sustainability and responsibility in our value chains. As a company we generally experience increasing expectations from the environment that responsibility and a high level of integrity are an important part of running a successful company. This is also an expectation we have of ourselves as a company. This is why we acknowledge- and listen to the expectations that we encounter, and strive to live up to them as effectively as possible. The CSR report is one facet of bringing this initiative to light.



A close-up photograph of a person's hands. The right hand holds a green ballpoint pen with a silver clip. The pen has a small white label with the letters 'dlg' and the text 'adding value green world'. The left hand is resting on a white document. The person is wearing a grey and black patterned sweater. In the top right corner, there is a red rectangular box containing a quote in white text.

„ We are convinced that we still have some way to go, particularly with respect to comparability of consolidated group data. „

## DLG'S CSR POLICY AND CROSS-SECTORAL INITIATIVES

In April 2014, DLG's group management adopted a group-wide CSR policy.

The policy is based in the Global Compact, DLG's core values and our fundamental approach to CSR, namely that it must be strategic, significant and practical.

DLG commits to following the ten principles of corporate responsibility in the UN Global Compact. As part of this effort, DLG is working to implement the principles in human rights, workers' rights, environment and anti-corruption in the group's daily operations. We follow all relevant legislation and regulations in the countries in which we operate. We are dedicated to maintaining open dialogue on CSR-related issues with our stakeholders.

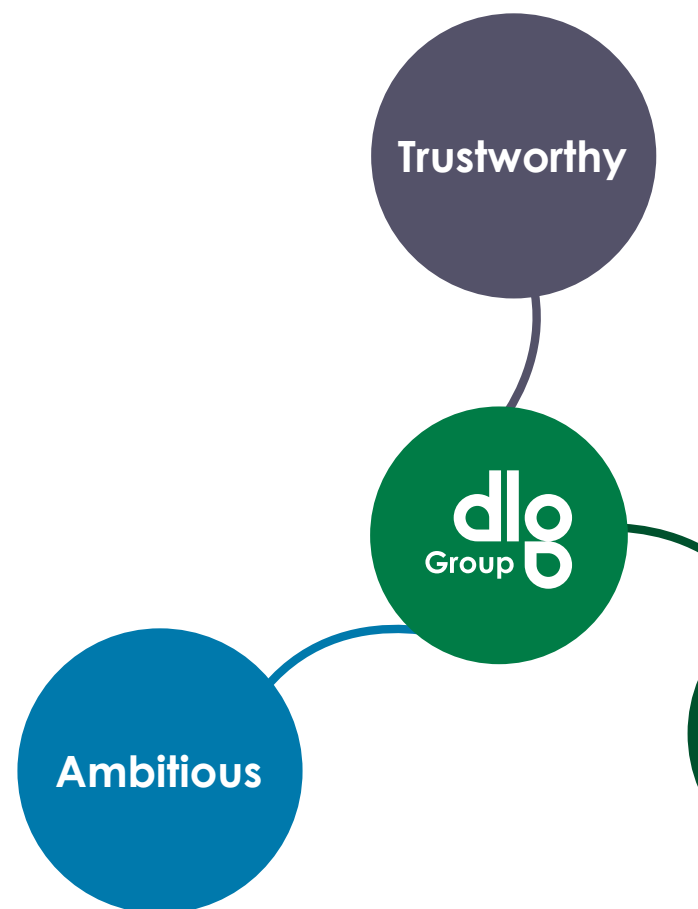
- We therefore always strive to ensure the highest quality and security in our agricultural products and food-stuffs production, from farm to fork
- We strive to be ambitious in our efforts to secure responsible value chain management and protect the group's reputation
- We strive to reduce DLG's energy consumption, minimise our environmental emissions and generally reduce our environmental impact
- We do not accept corruption in any of its forms, including (but not limited to) bribery, extortion, facilitation payments or nepotism in any of our business operations or relations.
- We strive to maintain secure working conditions, a sound working environment and to create good opportunity for development for our employees and business partners.
- We respect internationally recognised human rights and continually evaluate our business to identify instances that can negatively impact these rights

This policy is evaluated and revised on an annual basis by DLG's group management.

## DLG'S CORE VALUES - A NEW FRAMEWORK FOR WORKING WITH SUSTAINABILITY AND RESPONSIBILITY

In 2014, the DLG group formulated three core values that express our shared DNA:

The three values set the framework for our systematic work with social- and environmental responsibility. DLG's CSR work must therefore by necessity be sincere, well-founded and transparent (Trustworthy), create synergy between sustainability and business (Value-creating) and be understood from a developmental perspective involving several parts of the group (Ambitious).





” The policy is based in the Global Compact, DLG's core values and our fundamental approach to CSR, namely that it must be strategic, significant and practical. ”

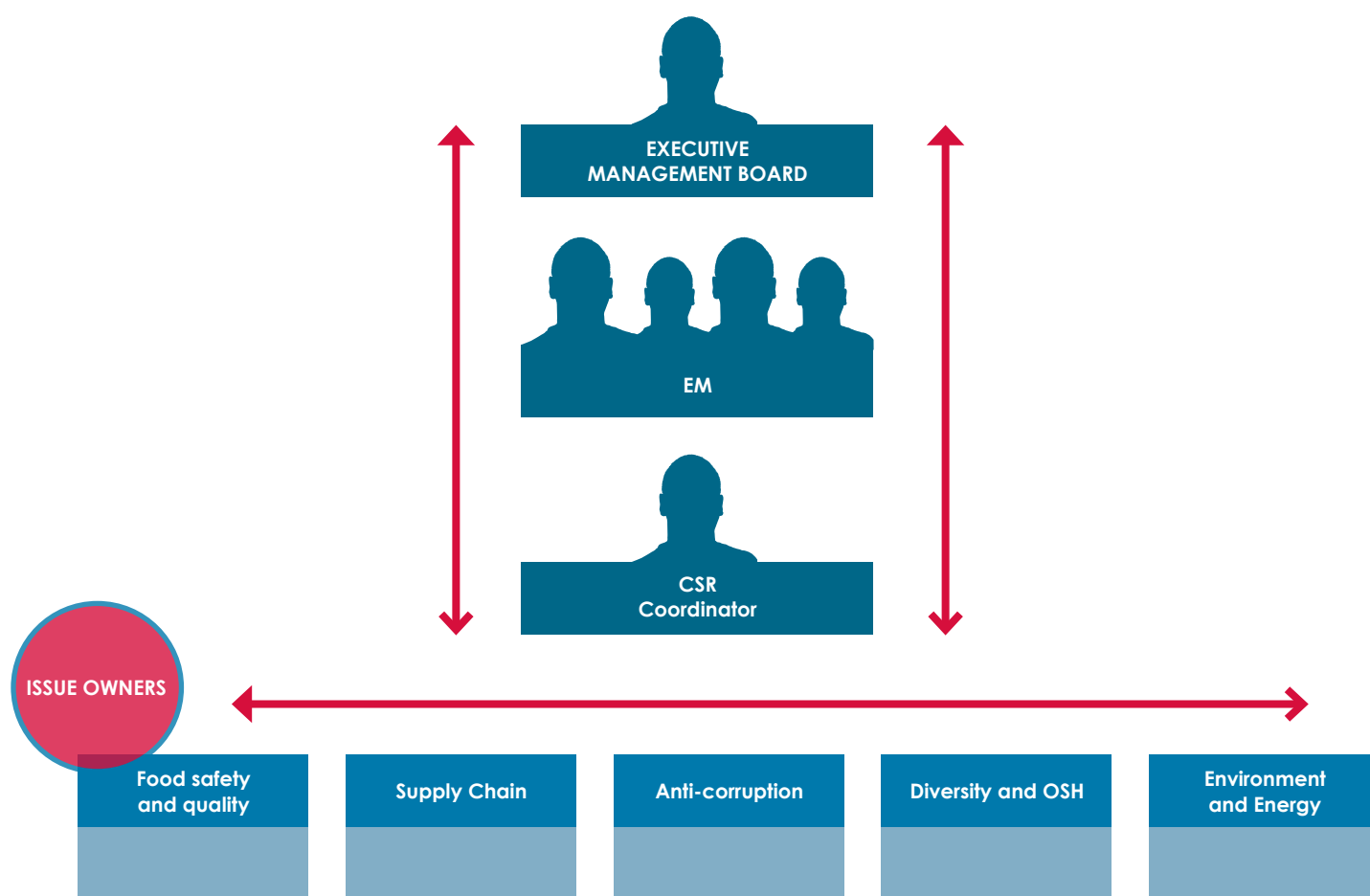
Value-creating



# DLG'S CSR ORGANISATION: SYSTEMATIC APPROACH AND COORDINATION

DLG has developed a CSR organisation as part of this process. A CSR coordinator has been appointed, who is responsible for coordinating cross-sectoral activities, internal- and external communications, and Global Compact reporting. The task of elaborating goals, action plans and KPIs has been assigned to five cross-sectoral

work groups. These groups consist of representatives from all sections of the group. Responsibility for the practical implementation of CSR initiatives falls with the Executive Management Board, Executive Management and Group Management.



In 2013 DLG carried out a large-scale analysis of the CSR area, based on, among other things, workshops, internal interviews and evaluation of existing initiatives for the purpose of defining relevant CSR risks and opportunities, in order to determine the most significant CSR areas in relation to the nature and breadth of our business. On the basis of this analysis work, three over-arching CSR focus areas were identified as the most critical areas for the group in the strategic period until 2016:

- **Responsible supply chain management**
- **Food safety and quality**
- **Energy and environment**

Additionally, working groups have also been established in **Anti-corruption** and **Diversity and OSH**. These three main areas will be evaluated on an annual basis.

## BUSINESS INTEGRATION

In line with DLG's three over-arching principles describing our approach to CSR as strategic, significant and practical, it is of fundamental importance that CSR work effectively meshes with DLG's over-arching business strategy and the requirements and expectations that our stakeholders have of us. Both help ensure that the company is able to create value over the long run. It should be understood that a more integrated approach to CSR, accounting for the environmental expectations and market requirements imposed on the company, can present many business advantages. This might be, for example, in the form of improved risk management, greater product innovation, boosted employee motivation, fewer expenses, and a strong CSR profile among our most important stakeholders.

We believe that an integrated approach to CSR can also create a more solid anchoring in DLG's various business units.

But a broad anchoring is not something that is achieved overnight in a large international group. This is a more distant horizon, which in some cases also calls for new work procedures and solutions. We are, as already mentioned, aware that these measures take time. We are therefore also conscious of the fact that CSR work in DLG is an ongoing process that will unfold step by step, not something that can be implemented all at once. But the very fact that management has defined goals and group values means that communication can be started in the entire system, so that each business unit can incorporate these values into their part of the DLG group.

Comments or questions?  
E-mail [information@dlg.dk](mailto:information@dlg.dk)

## STATUS OF 2014 GOALS FOR CROSS-SECTORAL INITIATIVES

- ✓ Adopt an over-arching CSR policy for the group in 2014
- ✓ Initiate a broader dialogue with our stakeholders (customers, owners, employees and suppliers)
- ✓ Expand the scope of the CSR project to also include Team AG and GASA Group
- ÷ Develop common accounting principles for CSR data for use in the report, including data on energy, employees and supply chain management etc.  
- goal carried over

” We believe that an integrated approach to CSR can also create a more solid anchoring in DLG's various business units. ”



# RESPONSIBLE SUPPLY CHAIN MANAGEMENT

## GOALS FOR 2015

In 2015, DLG will also be focusing on developing our supplier system to better respond to future risk. Achieving this demands the following:

- Identify challenges for responsible supply chain management within the most important raw materials. Products will represent business areas feedstuffs, vitamins and minerals, plant production, DLG Food, DLG Energy, and PlusGoods
- Improve data collection and reporting for CSR initiatives in our value chains
- Continue to analyse and evaluate our value chains based on the criteria the Global Compact
- Continue the productive and constructive dialogue with our suppliers on raw materials, such as soy
- Work to promote use of DLG's charter for sustainable soy production
- Support the common European initiatives in FE FAC for the purpose of stimulating more sustainable global soy production
- Support the Roundtable for Sustainable Palm Oil (RSPO)
- Initiate the development of a group-wide Code of Conduct for DLG

” As a responsible agricultural- and food products group, DLG wishes to maintain control on the company's value chain. ”



As a responsible agricultural- and food products group, DLG wishes to maintain control on the company's value chain.

This means strengthening the group's control of the risks associated with working with an ever more complex and international supplier chain.

Both in Denmark and internationally there is increasing focus on the need for companies to have a greater command than in the past over what takes place in the company's supply chain and with their suppliers. DLG has also observed this expectation in the interplay between customers and business partners.

At the same time, responsible supply chain management is a critical focus area for DLG since we are increasingly internationalising our operations. Establishment of the partnership between DLG and Chinese PUI Feed Group in 2014 with its seven feed production plants is a good example of this.

As DLG moves towards a greater level of internationalisation, we see a growing need to carry out a more systematic approach to cooperation with suppliers in DLG. It is therefore also a matter of managing risk in the value chain. The objective of the progressive work towards responsible supply chain management is first and foremost to create an overview of the group's many suppliers. For example, we now buy from other countries to a greater extent than in the past, such as from China and the rest of Asia, Eastern Europe and South America, where challenges other than those prevalent in Denmark- pertaining to workers' rights, environmental impact and quality assurance -may arise. Our focus on responsible supply chain management is an active means of meeting this challenge.

## CERTIFICATION AND SUPPLY CHAIN MANAGEMENT

### PURCHASE OF RAW MATERIALS

DLG a.m.b.a's policy for purchasing of raw materials is that at least 90 per cent of our suppliers must have a certified quality assurance system in place that covers the goods that DLG purchases. The greatest percentage possible of these must be GMP-certified (Good Manufacturing Practice). In 2014 DLG succeeded in increasing the percentage of certified suppliers so that it is now well above 90 per cent. Approximately 75 per cent of goods were GMP-certified.

Svenska Foder purchases with a focus on fulfilling the requirements set by the ProTerra certification system.

ProTerra certifies the physical product. This is a non-GMO standard and includes agricultural practice, use of chemicals, energy consumption, working conditions and respect for local residents and natives. In 2014, ProTerra soy accounted for over 70 per cent of Svenska Foder's total soy purchasing. The largest supplier to Svenska Foder delivers 100% GMO- and salmonella-free soy.

Supply chain management in HaGe is based on the recognised certification systems QS and GMP+. HaGe is also a member of AGL, an association of 21 feed producers that jointly account for more than 50 per cent of Germany's feed production. AGL carries out risk-oriented supplier screening, and each member's quality manager audits three suppliers a year. The audit reports are published on the internet.

## DLG AND SOY

DLG accounts for about half of Denmark's purchasing of soy meal. The majority of this is used for pig feed. Soy is a critical ingredient in feed production, at approx. 15-20 per cent, and constitutes a major part of DLG's overall production. DLG considerably increased its engagement in primary production in 2014. Through a series of visits to soy producers and suppliers in Argentina and Brazil, we have sought to gain insight and understanding- and also held a direct dialogue -with respect to a long series of CSR stakeholder parameters, including responsible relationships with surrounding communities, environmental responsibility, good agricultural practice and long-term economic planning.

From 1 January 2013 forwards, DLG has pledged, together with a number of food product producers including Arla, Danish Crown, the Danish Agriculture and Food Council, and others, to buy only sustainably produced soy meal that meets a long series of production requirements, including requirements pertaining to environmental sustainability, use of child labour and use of pesticides in production.

With respect to all our purchasing of soy, we have also established requirements that suppliers live up to our own charter, which consists of a number of points, in which adherence to the Global Compact is one of the requirements.

## DLG'S CHARTER FOR SOY SUPPLIERS

- The supplier must be a member of the Global Compact
- The supplier does not utilise child labour
- The supplier must recognise employers' right to organise
- Raw materials from rainforest areas felled after 24 July 2006 are not accepted
- The supplier must have a policy that use of pesticides must take place in accordance with local legislation and the Stockholm- and Rotterdam Conventions

DLG is also a member of the Roundtable for Responsible Soy (RTRS) (by way of the European industry organisation FEFAC, which organises feed businesses in Europe). In 2014 DLG assumed a leading role in the development of FEFAC's roadmap for sustainable soy, including definition of relevant problems affecting soy.

DLG is pleased to share the knowledge we possess in sustainable soy production and soy purchasing. In 2014 we met with a broad array of decision makers, opinion shapers, NGOs, distributors and university students. We participated in- and made contributions to conferences in Danish Parliament, and have held lectures for students at the University of Copenhagen as part of the course "Animals and Sustainability". Other stakeholders, such as NGOs and distributors, as well, have held meetings regarding sustainability and soy purchasing.

” This means strengthening the group's control of the risks associated with working with an ever more complex and international supplier chain. ”

## PALM OIL

DLG's purchasing of palm oil for use in feed production is on par with that of soy meal. In 2012 DLG became a member of the Roundtable on Sustainable Palm Oil (RSPO) in order to be better informed of developments in the palm oil industry in south-east Asia. RSPO brings together interested organisations from various sectors of the palm oil industry for the purpose of developing and implementing global standards for sustainable palm oil. The most important principles behind the certification include transparency, workers' rights, use of the best available growing methods, protection of nature and the environment, and long-term economic planning.

## PURCHASE OF VITAMINS AND MINERALS

DLG's vitamin- and mineral activities are collected under the brand Vilofoss. Only raw materials approved in the EU are purchased for the production of vitamins and minerals. This means that DLG's suppliers in this aspect play a so-called "gatekeeper" function if the product is coming from a third country [country outside the EU]. In conjunction with quality management, we follow up by means of analytical checks by employing the HACCP system in areas where we identify the greatest risk.

Hazard Analysis Critical Control Points is a system for quality assurance of food products throughout the entire production chain. The system builds on identification of microbiological, chemical and physical risks in the raw materials, designation of particularly critical steps in production and pre-processing and in packaging and later establishment of checkpoints in the production sequence.

Every one of the approximately 200 raw materials used in vitamins and minerals are approved according to a fixed procedure: Assessment of familiarity with the company, the product information for the goods in question and nutritional characteristics, safety for humans and animals, and whether the goods can be used in the production facility (such as with respect to noise and odour production).

## ENERGY OUT AND IN

DLG is a strong player in wood pellets and oil for agriculture. DLG uses only FSC-certified wood for wood pellets and hard wooden briquettes. In an FSC forest, one does not fell more trees than the forest can manage to reproduce. At the same time, FSC helps ensure that animals and plant life are protected, and that people working in the forest are provided training, safety equipment and fair pay. DLG's hard wood briquettes are made from remainder products from palm oil production. Oil comes primarily from local European upstream production.

When the oil is transported in DLG, driver safety is taken into account. We have a zero-injury goal. We expanded the safety system still further in 2014. Random samples and audits resulted in recognition of DLG Service for safe oil distribution in 2014.

In 2014, Svenska Foder bought only oil produced from 100% sustainable energy sources.

## ENVIRONMENTAL AWARENESS AND CHARITY GO HAND IN HAND

The many mobile phones that are phased out of service every year in Svenska Foder are sold to a business partner who ensures that they are sustainably reused. Svenska Foder donates the revenue from this recycling to charity. We have therefore helped fight against cancer in children while also ensuring that the rainforest benefits from replanting.

## STATUS OF 2014 GOALS FOR RESPONSIBLE SUPPLY CHAIN MANAGEMENT

- ✓ Focus on developing the company's supply chain management system in order to better handle future risk - *ongoing*
- ✓ 90 per cent of suppliers must have a certified quality management system, of which the greatest amount possible must be GMP-certified for feed - *ongoing*







” As a supplier and purchaser of raw materials, crops and feed for agriculture and the food products industry, food product safety and high quality are top priorities for DLG. This is a key concern for our position as a responsible producer in the feed- and foodstuffs area.”

# FOOD SAFETY AND QUALITY

## GOALS FOR 2015

- Initiate discussions internally within the group regarding policy for crisis management and product recall
- Focus on responsible supply chain management as part of ISO 22000 and other certifications
- Continue to participate in the development of the new ISO 22000 feed standard
- Focus on matching market- and consumer expectations with respect to certification and documentation
- Implement a new and reinforced internal auditing system in DLG Food
- Maintain focus on formulation and implementation of relevant KPIs for food product safety and quality in the group's various business areas

Food product safety at DLG begins already in primary production with handling of crops and growing of edible crops, such as vegetables and feed for domestic animals. This means ensuring the highest quality in food product production throughout the entire chain from farm to fork.

As a supplier and purchaser of raw materials, crops and feed for agriculture and the food products industry, food product safety and high quality are top priorities for DLG. This is a key concern for our position as a responsible producer in the feed- and foodstuffs area. Society's heightened focus on food product safety and quality requirements for raw materials also means that at whatever level one holds in the food product chain, one risks being held accountable if something goes wrong.

This is why we at DLG see ourselves as bearing a very great responsibility.

## DLG FOOD

In order to support a high level of food product safety in DLG's food product companies, we employed a Quality & Food Safety Manager in DLG Food in 2013 to place special focus on this area in DLG Food companies. The goal was- and remains -increased knowledge sharing and implementation of common policies and principles to maintain the existing food product safety certifications such as GLOBALGAP, ISO 22000, FSSC 22000 and BRC.

In 2014, we focused on establishing a forum between the quality managers in the Food companies to support food product safety. At the end of 2013, we established a cross-sectoral network for quality management employees in order to be able to establish in 2014 a common training programme based on local needs and challenges.

Another significant focus area in Food over the course of 2014 has been to consistently be able to meet increasing need for documentation processes to keep up with new market- and customer requirements. Several of the companies are going through customer audits based on more demanding standards - including, among others, BRC, and the customers' own standards based specifically on BRC. At the same time, there are increasing requirements for completion of customer questionnaires and highly specific product specifications, in which the production processes must be documented. This calls for enhanced competencies both locally in the companies and centrally in DLG Food in a number of areas pertaining to food product safety and quality. The requirements met are primarily on new export markets and from new international industrial customers.

## RESULTS FOR 2014

Over the course of 2014, the quality managers in all Food companies carried out a common internal course in food product safety and legislation. Focus areas here have included updates on relevant and new legislation, particularly updates to new labelling requirements that entered into effect on 13 December 2014.



## THE COURSE FOR QUALITY MANAGERS ADDRESSES THE FOLLOWING:

- Common food product policy in Food
- Common certification policy - group agreement with Bureau Veritas
- Common agreement regarding foodstuff analyses (group agreement with EuroFins) - including a brief introduction to microbiological risks in vegetable products
- New common food product legislation database for the Food companies
- Updating of the GLOBALGAP standard, including introduction to the GRASP module, which is an add-on certification to GLOBALGAP, which ensures social responsibility in primary producers
- Update to Foods' common documentation system- IPW
- Training in the new common claim management module in IPW, which is mandatory from 01/01/2015
- Introduction to responsible supply chain management
- DLG's CSR policy: in particular responsible supply chain management and quality and food product safety
- Introduction to safe product development processes - new products must be responsibly tested prior to launch

## OTHER RESULTS

- All pre-processing activities are now certified through Bureau Certification
- Development of a new reporting system for internal audits
- Focus is on responsible supply chain management. Suppliers of fruits and vegetables to Samsø Syltefabrik and Lammefjordgrønt, respectively, must be GLOBALGAP-certified
- Efforts are also being made in the subsidiary GASA Nord Grønt, with a goal for 90 per cent of member trade to be certified according to the GLOBALGAP standard before the end of 2016
- Establishment of a cross-sectoral network for working environment managers

## FORWARD FOCUS FOR DLG FOOD IN 2015

Several of the Food companies experienced a high growth rate already in 2014, and this trend will presumably continue in 2015. This results in a greater flow of goods and a larger number of new products in relation not only to positive development in the domestic retail market, but also in new export markets and in new international industrial customers. This imposes an extensive range of requirements on quality assurance and maintenance of food product safety, including, among other things documented control of production processes, documented testing of new products for product stability, shelf life, transport, temperature testing and stress testing. New customer agreements of global/international scope and foreign customers also bring intensified requirements. Product time to market and customer-specific developments are also increasingly common, presenting new challenges for daily operations. At the same time, there must not be any compromise with respect to product quality and food product safety, which is why focus on verified product testing and coordinated product development processes are of ever greater significance.

DLG Food has also placed focus on the over-arching strategy for initiation of dialogue with customers and stakeholders regarding CSR as an integrated part of the business. To better be able to integrate CSR into the value creation of products and support customer strategies in this area, a structured charting of their stakeholders was carried out, using Lammefjordsgrønt as a model.

Seen as a whole, CSR and sustainability in food products are fundamentally something that we at DLG work with as a natural matter of course. We have increasingly come to make this a key concern as foreign customers, in particular, refer to standards such as Sedex on pre-processes foodstuffs and GRASP for primary production. This is seen primarily in relation to the English and German retail markets, which a few of the group's food product companies serve as subcontractors.

#### FOCUS AREAS FOR 2015 IN FOOD PRODUCT SAFETY AND QUALITY AREA IN DLG FOOD COMPANIES INCLUDE:

- More targeted and competence-building courses in internal audits, supply chain management and HACCP
- Implementation of a "new"/reviewed internal audit system
- New common principles- including recalls
- Expansion of the IPW documentation management system for uniformity in Food
- Implement new and more secure product development processes focusing on maintaining food product safety
- Integrate CSR work in the network group for quality and food product safety



## FEED

### REQUIREMENTS FOR FEED PRODUCTION

In correlation to quality management of the vitamin- and mineral mixtures used in conjunction with food product production, DLG similarly has a number of quality certifications in place, including FamiQS, GMP+ and QS. These international certifications focusing on quality and feed- and food product safety are routinely subject to third-party audit.

In the feed area, DLG economically supports a Danish-led feed product secretariat in order to secure central placement of Danish stakeholders in the development of international standards in feed product safety under the ISO system. In 2014, DLG actively worked to see that the secretariat implemented the standard for feed production under the auspices of ISO as a supplement to ISO 22000, while also ensuring progress in the same.

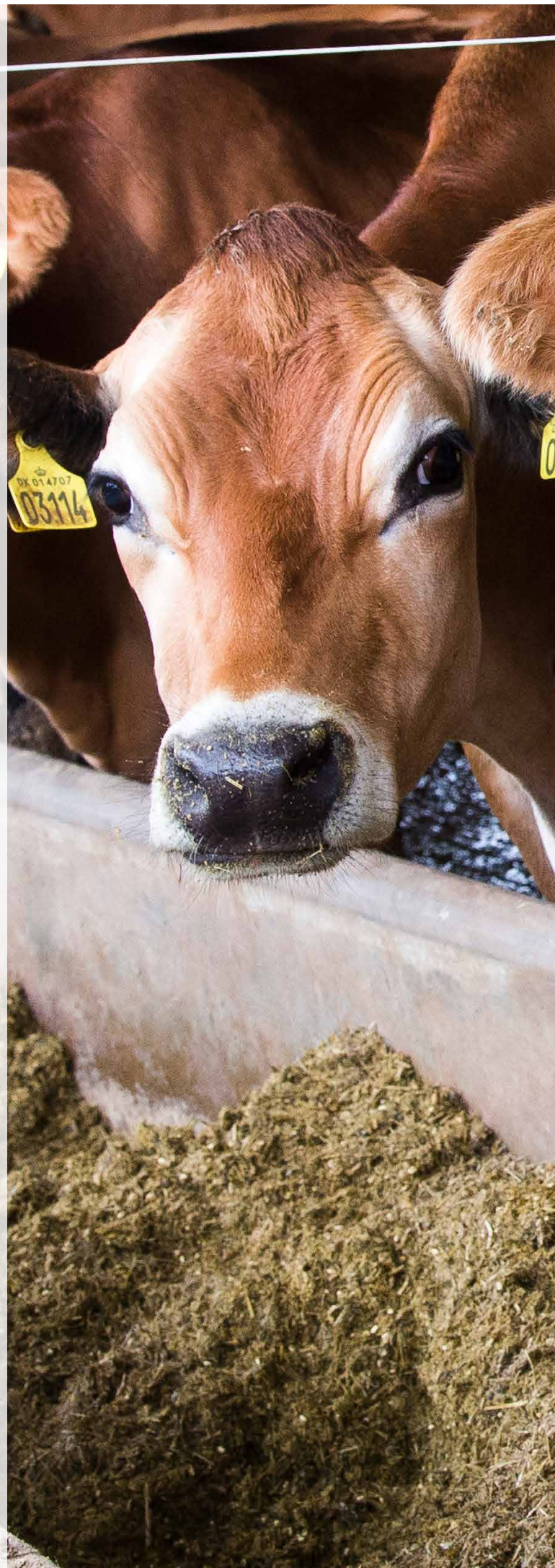
In 2015, DLG shall continue to work actively for the development of this standard with an expectation of having an ISO standard in place by June 2016 to ensure feed- and food product safety in feed production.

Simultaneously, DLG is in the midst of an audit process for the ISO 22000 standard for food products for the purpose of ensuring that the content is updated to apply to DLG's business areas and market expectations to the greatest extent possible.

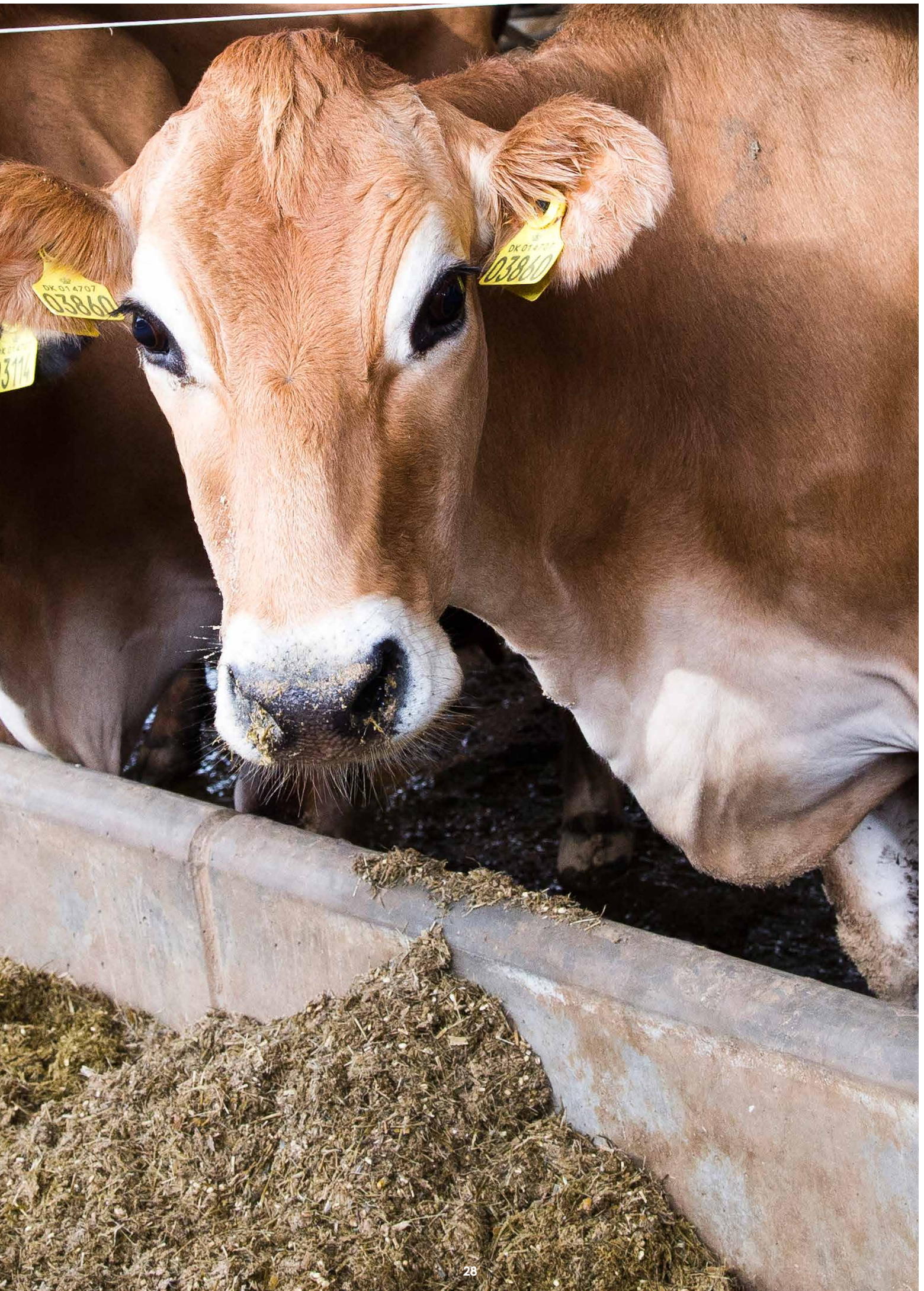
DLG's pet food unit is also taking part, as mentioned, in an FEFAC task force on sustainability in feed production. The purpose of this task force is to achieve a common European description of sustainability criteria and common minimum requirements for documentation of sustainability in feed products.

### STATUS OF GOALS IN 2014 IN FOOD PRODUCT SAFETY AND QUALITY

- ✓ Knowledge sharing across food product companies
- ✓ Training cycle for company quality- and product managers
- ✓ Provide training in supply chain management and supplier evaluation
- ✓ Assist with the development of ISO standards for feed production and audit of the 22000-standard









# ENERGY AND ENVIRONMENT

## GOALS FOR 2015

In 2015, we shall continue the activities already in motion and include all business units in the group. This means that we will:

- Develop a common policy for resource efficiency focusing on energy and environment
- Systematise knowledge-sharing and best practice. Workshops and fora are being held, in which everyone from the group is given the opportunity to share their experiences pertaining to resource efficiency and provide inspiration for one another. This interaction shall generate new initiatives that can be implemented across the organisation
- Introduce LEAN principles throughout the entire group as a tool for optimisation and waste reduction in the organisation
- All business units scale back their primary energy source by 2 per cent. Each business unit must state their primary energy sources and present an action plan to reach this goal. In addition, all business units must develop a KPI to support this goal

## FOCUS ON SYSTEMATISING AND EXPANDING CSR INITIATIVES IN ENERGY- AND ENVIRONMENTAL AREAS

Previously, systematic CSR work in energy and environment highly involved core areas such as production or agricultural products and logistics, as well as individual subsidiaries. In 2014, DLG worked to systematise and structure the CSR initiative in energy and environment, so as to cover the entire DLG group.

The first part of the structured CSR initiative was to chart the current status for all business units and how they see their future work in the areas of energy and environment. This survey activity also looked at the degree to which goals are set and subject to follow-up, and whether benchmarking is applied in similar business units internally or externally in order to increase knowledge sharing across the group.

This survey has shown that the entire DLG group places a major focus on energy and environment. As DLG is a complex organisation with many different business units, smaller groups have been set up where benchmarking makes sense. They have worked to set goals that reflect the current opportunities across the group. This work has resulted in the four over-arching goals that all units are working with in 2015. In addition, several of the groups have set underlying goals that will also serve to become more resource-effective in energy and environment.

## RESOURCE EFFICIENCY IS A PREREQUISITE FOR SUSTAINABILITY AND COMPETITIVENESS

DLG is a large player in a highly competitive market. It is therefore important to be as resource-efficient as possible in order to increase DLG's competitiveness and sustainability.

Energy is one of DLG's most important resources in all production and logistics. In order to contribute to the most sustainable development, DLG strives to be effective and innovative in its use of technology and resources. This is why we place significant focus in the DLG group on becoming as energy-efficient as possible, while still maintaining profitability for DLG. This creates value for both the environment and our customers.

## ENERGY SAVINGS IN PRODUCTION FACILITIES


Production of agricultural products is a core area for DLG and requires great amounts of energy. It therefore makes commercial sense to strive to become as energy-efficient as possible, as this benefits both the environment and our customers.

The over-arching energy goal in DLG's agricultural products production is to implement concrete projects equating to savings of 2 per cent per year for the specific energy consumption type. The goal for 2014 was more than reached, as the agricultural products production facilities in DLG, Svenska Foder and HaGe realised a saving of 4.3 per cent over 2013.

” DLG is a large player in a highly competitive market. It is therefore important to be as resource-efficient as possible in order to increase DLG's competitiveness and sustainability. ”







A specific energy reduction of 2.5 per cent was achieved at the agricultural products facilities in Denmark. 18 optimisation projects were instituted, which are expected to reduce consumption by 2,200,000 kWh. The largest project has been renovation and reconstruction of the Kolding plant, where a new energy-efficient press and milling equipment were set up.

A reduction in energy consumption of 6.3 per cent was realised in Germany, which was made possible primarily by closing old facilities and optimising capacity at existing facilities.

In Sweden, particularly, there was a reduction in heat consumption that resulted in total savings of 7.6 per cent. 11 optimisation projects were instituted, which are expected to result in a reduction of 982000 kWh. One of the larger projects in Sweden has been to introduce the new steam boiler in Västerlösa, which uses wood chips and scrap grain as fuel instead of oil. Another project has been to optimise the mill works, where two mills are replaced by an energy-efficient mill with greater capacity.

## TRANSPORT AND LOGISTICS

In the transport and logistics area, there is also a common focus on reducing energy consumption as much as possible.

In 2014, work continued with the One-Touch concept, intended to ensure correct initial delivery and placement of goods. The warehouses are divided into A-, B-, and C-, warehouses, and close cooperation with customers is underway to ensure that goods are delivered to the right location the first time. Delivering goods correctly the first time helps minimise the movement factor- in other words, how many times a good is moved.

An ambitious goal was set in 2014 to reduce the movement factor in Denmark still further, equivalent to 200,000 tonnes. This goal has almost been achieved, as the movement factor has been reduced by 180,000 tonnes. In 2015, DLG set a goal to reduce the movement factor by 300,000 tonnes. This goal is extremely ambitious and shall be reached through close cooperation with our customers, through measures including an increased level of in-house storage. Additionally, the logistics group in HaGe, DLG and Svenska Foder in 2015 will continue wor-

” These tools helped us achieve a 5 per cent increase in productivity in 2014, and overall we have achieved a 14 per cent increase in productivity since time of implementation. ”

king with the One-Touch concept and initiatives as to how the movement factor can be reduced still further.

On the feed side, the initiatives set in motion in 2013 to reduce average number of kilometres driven for goods deliveries to customers are still in focus. Ongoing efforts are underway in all three countries to secure greater planning windows, i.e. a longer time from customer order placement to delivery of goods. A larger planning window allows for greater flexibility and the possibility to better optimise logistics and thereby reduce environmental impacts. Work is also ongoing to get more customers on delivery plans, where we work with the customer to adapt delivery volumes and times to less peak periods. We thereby have a greater ability to even out production over the course of the week. This makes it possible to optimise production, so that production and delivery take place from the facility closest to the customer, whilst also making more efficient use of production- and transport capacity and thereby optimising use of energy resources.

The transport area is focused on reducing fuel consumption. In 2014, there was continual focus on shifting flow to lorries with greater capacity and better fuel economy. In 2014 HaGe changed lorries, so there are now two lorries meeting the Euro 6 standard. The majority of the flow in both HaGe and DLG now meets or exceeds the Euro 5 standard. In early 2015, DLG will also be introducing two new lorries that not only meet the Euro 6 standard but also run on rapeseed oil. Additional efforts are underway in HaGe to implement noise-reducing and fuel-saving tyres.

The logistics group is also focusing on environmentally correct driving. DLG is collaborating with our lorry suppliers to train our drivers and provide them individual guidance to ensure driving that is more environmentally correct. On lorries that currently have meters installed, a savings of 18 per cent per kilometre driven has been achieved since the start of training. We anticipate that the training we have instituted will result in additional savings in the future.

## LEAN

2014 saw the true introduction of LEAN throughout the entire group.

LEAN was introduced in the agricultural products facilities in Denmark in 2013, and has since been rolled out in the group.

A continual and focused effort is underway to utilise LEAN tools to eliminate waste and become more effe-

ctive in use of resources. Routine board meetings have now been implemented, and we use the LEAN tools 5S and SMED. These tools helped us achieve a 5 per cent increase in productivity in 2014, and overall we have achieved a 14 per cent increase in productivity since time of implementation.

All employees are involved and trained in the LEAN principles. Some employees are also given additional training in LEAN tools in order to be able to carry out improvement projects in the local departments. All employees in the Supply chain, from time of order to delivery of the good to the customer, have attended a course in the LEAN principles and thereby been trained to identify waste and reduce resource consumption.

In 2014, the LEAN approach was also implemented in earnest in Svenska Foder. Morning meetings have been held in all agricultural products production facilities since March 2014. There is follow-up on four KPIs, all of which help optimise energy consumption. The greatest effect is seen in the reduction of unplanned downtime, where a reduction of 6 per cent was achieved in 2014. LEAN courses were implemented in 2015, focusing on the process from sale through delivery to customer.

At the agricultural products facilities in German work is currently underway towards a roll-out plan for LEAN.

LEAN has also been a major focus area for Vitalys, which produces the amino acid lysine. In 2014, all employees were introduced to the LEAN tools, and KPIs were introduced for relevant key figures in energy and waste water.

In 2015, focus will be on introducing the LEAN principles throughout the remaining part of the group.

## SYSTEMATIC KNOWLEDGE SHARING

In 2013, the group began to benchmark and systematically share knowledge in agricultural products production and logistics. Benchmarking is carried out on the basis of the established KPIs, which affect energy consumption, such as tonnes produced per hour and km driven. In 2014, this international collaboration was further strengthened and resulted in several different workshops, including, among others, focus on how the energy level can be reduced in the agricultural products facilities by implementing LEAN tools and focusing on reducing unplanned shutdowns.



## INNOVATION WITH FEWER GREENHOUSE GASSES

In the DLG group our sights are set on developing feed solutions that provide farmers the possibility for profitable and environmentally correct production.

One such example is that we have used phytase to reduce phosphor discharge. We are constantly working to implement new knowledge and new possibilities. Ruminant digestive function produces methane. We are working across the companies of the group to identify the best solutions to be able to maintain proper digestive function while reducing methane at the same time.

We are working to identify Carbon Footprint values for the individual raw materials so we can calculate the values for the individual feed mixes. This can therefore be included in analysis of what possibilities the DLG group has in the future to produce production-safe feed with the lowest possible Carbon Footprint.

## ENERGY COLLABORATION

VitaLys has entered a collaboration with Esbjerg Forsyning A/S in which we utilise funds from "Green Industrial Symbiosis" to investigate the possibility of using surplus heat from Vitalys. Surplus heat, which is currently an untapped resource at VitaLys, can be sold to Esbjerg Forsyning.

## COLLABORATION FOR RESOURCE EFFICIENCY

VitaLys has entered a collaborative agreement with C&D Foods A/S using funds from Green Symbiosis to chart the possibilities of using residual current from waste water between the companies. The idea is to sell water from Vitalys to C&D Foods. There is a potential of 120,000 m<sup>3</sup> waste water per year that can replace municipal water.

## THE CHANGE TO ENERGY-SAVING CURTAINS

The change to energy-saving curtains at Gasa Group, with their insulating effect, shall result in improved heating economy and an annual savings of approx. 195 MWh/year.

## PILOT PROJECT FOR SALE OF SURPLUS HEAT TO LØGSTØR FJERNVARME

In collaboration with Green Symbiosis, a pool under the Danish Ministry of the Environment, Dankalk and Løgstør Fjernvarme have received a financial subsidy to develop a report for the sale of surplus heat from Dankalk. The report shall form the basis to determine whether there will be any financial advantage to this, while also capturing surplus heat at Dankalk for district heating.

## LED LIGHTING

In our operating facilities in, among others, BSL Neumünster and Coesfeld and in the export hall in GASA Group, light sources have been changed over to LED. These changes are expected to result in a 30 per cent reduction in energy consumption at BSL Neumünster and Coesfeld and up to 67 per cent in the export hall in GASA Group.

## STATUS OF GOALS IN 2014 FOR ENERGY AND ENVIRONMENT

- ✓ Realise additional savings in energy consumptions, including introduction of a common goal of 2% energy savings for feed production facilities in DLG Supply
- ✓ Maintain optimisations in fuel consumption by replacing the remaining vehicle fleet in DLG Denmark
- ✓ Smaller Carbon Footprint in feed production by developing feeds that can contribute to reduced emission of methane from ruminants

# ANTI-CORRUPTION

## GOALS FOR 2015

- Deploy and instruct based on our new anti-corruption policy.
- Communication- and training initiative for managers and relevant workers

DLG always strives to uphold legislation, rules and relevant provisions in the countries in which we operate. This is a prerequisite for DLG to be a responsible actor. In this respect, our CSR policy clearly expresses our approach to corruption: "We do not accept corruption in any of its forms, including but not limited to bribery, extortion, facilitation payments or nepotism in any of our business operations or relations".

In other words, corruption is not acceptable in DLG. It is not part of our way of doing business, and we believe that our workers must neither practice nor be subject to corruption. This position is also reinforced through our adherence to the Global Compact, which encourages companies to work against all forms of corruption, including extortion and bribery. The DLG group is increasingly global in scope and sources raw materials from various parts of the world- including some with a markedly lower standing in corruption assessments released by Transparency International than our core markets in northern Europe. In 2014, for example, DLG acquired a Chinese feed production facility, which subsequently implemented a comprehensive local CSR certification. Even though DLG's business is not affected by corruption, we stress the need for a group-wide approach to anti-corruption.

Recognising this, DLG took steps in 2014 to formulate a suitable anti-corruption policy. The policy describes the DLG's group's position on corruption, and how corruption is avoided in the DLG group, while at the same time

providing comprehensive guidelines on how DLG employees should act with respect to corruption. DLG's anti-corruption policy describes at the same time how DLG employees should act in situations where there may be some doubt as to whether the objective bears any characteristics of bribery or corruption.

In 2015, this initiative will focus on rolling out the anti-corruption policy in the entire group. Here DLG shall focus on training of managers and relevant employees in DLG so that it can be ensured that management in the group and managing workers are aware of what guidelines apply in the DLG group with respect to anti-corruption.

## STATUS OF GOALS IN 2014 FOR ANTI-CORRUPTION

- ✓ Develop a set of guidelines on the group level for anti-corruption

” In other words, corruption is not acceptable in DLG. It is not part of our way of doing business, and we believe that our workers must neither practice nor be subject to corruption. ”



” A safe and sound working environment is a determining factor for our development. At DLG this means both preventing work-related injuries and illness and at the same time creating a social environment that promotes employee well-being and motivation every day. ”



# WORKERS, WORKING ENVIRONMENT AND DIVERSITY

## GOALS FOR 2015

- Strengthen procedures for recording of near-accidents/incidents. The goal is to capture at least 50 incidents so we can derive lessons from each individual case
- Strengthen collaboration on working environment initiatives with Sweden and Germany
- Elect a woman to DLG's board of directors by no later than 2018
- Like 2014, focus on communication and information regarding women in management and diversity, such as through the group's intranet, employee meetings and employee newsletter.
- Continue sending participants to the CBS Executive course "Leading Woman"
- Strive for equality in our recruiting of new workers
- Formulate job adverts so they appeal to both men and women
- Initiate work to develop a concrete diversity plan slated for 2016, with a broader perspective on diversity than gender, including, for example, facets such as religion, culture, ethnic background, and sexual orientation.

DLG has nearly 7,500 employees, all of whom help make it possible for us to run a successful and effective business. Employees who embody our values of being Trustworthy, Value-creating and Ambitious constitute DLG's most important resource, and it is this that allows us to continue our positive development.

## WORKING ENVIRONMENT AND SAFETY

A safe and sound working environment is a determining factor for our development. At DLG this means both preventing work-related injuries and illness and at the same time creating a social environment that promotes employee well-being and motivation every day.

Working in agriculture and production is associated with greater risk than many other types of sedentary work. It is therefore a determining factor for DLG always to maintain a safe and sound working environment for our employees. We work to make this an everyday reality through preventative measures and information pertaining to worker safety, working environment and health.

There were no fatalities on any of our work sites in 2014. This comes as welcome news, since in 2013 we experienced two tragic deaths, which is unacceptable. In the DLG group we are working intently in our working environment and safety initiatives to avoid such situations. The two accidents served to further sharpen our focus on a safe working environment.

Through our working environment initiatives we have succeeded in reducing the number of workplace accidents and resultant sick leave markedly since 2010. In 2014, we documented 26 workplace accidents in DLG a.m.b.a., resulting in a total of 229 lost days of work. This is unfortunately an increase from the 21 workplace accidents and 216 lost days of work in 2013. The workplace accidents registered range from a scratched finger to a broken shoulder. At the same time, the number of injunctions from authorities increased from 17 in 2013 to 24 in 2014.

It is obvious that these figures follow an unsatisfactory trend. At DLG we are continually focused on ensuring worker health and safety in order to prevent accidents and absence and thereby secure physical and social well-being in the workplace. We are at the same time working to orchestrate work processes so as to promote employee motivation and efficiency in day to day tasks. Work with LEAN is an example of how it is possible to successfully improve work processes while at the same time boosting motivation.

## WHAT DID WE ACCOMPLISH IN 2014?

At DLG we are convinced that through a more systematic documentation of incidents/near-accidents and lessons learned from these, we will be able to prevent many workplace accidents.

In this respect it is pleasing to note that after our reinforcement and streamlining of documentation of near-accidents, we have succeeded in increasing the number of registration entries from 5 in 2013 to 48 in 2014. This was achieved partly by making it easier for employees and managers to document near-accidents and partly through an internal communication initiative to increase employee awareness of near-accidents, and illustrate why it is so important for incidents to be documented. Documentation of near-accidents is an indispensable tool for a better and more secure working environment, and shall also be a focal point in DLG's work in the years ahead.

Another focus area for 2014 was to reorganise the working environment organisation in DLG a.m.b.a. for the purpose of making the organisation more dynamic. Over the course of the year we implemented a change in the working environment organisation, so that it now more closely follows the business structure. This makes it easier to reach out to all employees, and it strengthens the dialogue between everyone in DLG as to how we can jointly create a safe and sound working environment.

## DIVERSITY

In 2013, the Danish Parliament adopted a new law that makes it mandatory for Danish companies to actively work to bring more women into upper levels of management. This is a challenge that DLG is systematically working to meet.

Diversity is an important parameter in a growing and competitive business. It is a matter of attracting and retaining a large pool of talent and making sure the right competencies are in place. For DLG it is therefore important to bring more women into the group's committee of representatives, board of directors and upper levels of management, and that diversity is an important focus area both in Denmark and in the rest of the group.

## MORE WOMEN AMONG OWNERS AND THEREBY ON THE BOARD OF DIRECTORS

1,200 of the 29,000 owners of DLG a.m.b.a are women. The percentage of female owners roughly matches the female percentage of independent agricultura-

lists, which according to the Danish Agriculture and Food Council constitutes 9 per cent. Women currently account for approximately 20 per cent of agricultural students and graduating farmers.

It is expected that there will be more women in farming in the future, and thereby a greater recruiting base for the selected organs in agricultural and food production companies, including DLG. This is naturally something we will be monitoring for our target figures.

The company's board of directors consists of a total of 12 members (three of whom are employee representatives) who are selected from DLG's committee of representatives, which includes 133 members. In order to have more women in managerial positions and in the board as the highest level of management in DLG, it is first and foremost necessary to have a greater percentage of female employees in the company, not least of all in DLG's committee of representatives. At the moment there are 12 female members in the committee of representatives and one female board member (employee representative).


## TARGET FIGURES FOR 2018 FOR DLG'S BOARD OF DIRECTORS

On the basis of an evaluation of the recruiting base, DLG has adopted a target figure of one woman for every nine board members (excluding employee representatives). In 2014 an election was held, in which 11 new women were elected into the committee of representatives, but none of the nine board positions was filled by a woman (excluding employee representatives). Our goal is still for there to be one woman elected into DLG's board of directors in the 2018 round of voting.

## DEVELOPMENT OF TARGET FIGURES FOR RETAIL DEPARTMENTS AND SUBSIDIARIES

One goal for this area in 2014 was the development of individual target figures for the percentage of female managers in the six retail departments in Denmark and for the individual subsidiaries. After a comprehensive analysis and based on a renewed evaluation of the recruiting base, it became clear that it has not yet been possible to fulfil this goal.





„ At DLG we are convinced that through a more systematic documentation of incidents/near-accidents and lessons learned from these, we will be able to prevent many workplace accidents. „

„ On the basis of an evaluation of the recruiting base, DLG has adopted a target figure of one woman for every nine board members (excluding employee representatives). „

In order to gain a better overview of the organisation and employees, DLG's new HR system, "DLG Inside" has been in DLG a.m.b.a. and DLG Service as of the start of 2015, for the purpose of continued roll-out in the rest of the group over the next two years. This will create a more transparent internal recruitment base. It will also make it more possible to spot talents, including female managerial talents, as this will provide a structured overview of, for example, employee performance and potential.

## RECRUITING IN DLG

In 2014, we generally had a broad focus on our recruitment procedures. Statistics are produced on gender distribution in new hires (2014: 62,5% males, 37,5% females), so that we can ensure that DLG is headed towards the collective goal of having women fill more management positions. This focus will continue in 2015 with DLG Inside.

In 2013 and 2014, we initiated and developed a number of supportive measures intended to secure more management opportunities for women in DLG. These actions include, among other things, our collaboration with CBS Executive to develop a talent programme for women, Leading Woman, in which several employees have taken part so far. These measures also encompass our efforts in recruiting procedures, increased information on management opportunities at the annual employee meetings, regular communication on measures in the area in the employee newsletter and intranet and increased focus on management opportunities in the annual employee development meetings. In our general work with future managers and recruitment, we will also be focusing in 2015 on processes to equip our managers to handle the challenges of the future.

One goal in 2014 was to strive for 50 per cent female participation in management development processes. It has not yet been possible to meet this goal, again because of limitations in the recruiting base. DLG shall therefore focus efforts in 2015 on broadening the female management pipeline. This will demand a re-tuning of the group's recruitment processes, so as to ensure that the process does not include barriers for female candidates.

## GENDER BREAKDOWN FOR ALL EMPLOYEES AND AT MANAGEMENT LEVEL

Denmark (employees)



Denmark (management)



Germany (employees)



Germany (management)



Sweden (employees)



Sweden (management)



## STATUS OF GOALS IN 2014 IN WORKERS, WORKING ENVIRONMENT AND DIVERSITY

- |   |
|---|
| ✓ Strengthen procedures for incident response   |
| ✓ Reorganise the working environment organisation   |
| ✓ Electing women into DLG's committee of representatives in 2014  |
| ✓ Elect a woman to DLG's board of directors by no later than 2018   |
| ✓ Maintain focus on women in management in annual performance review meetings, employee meetings- and newsletters |
| ÷ Develop target figures for women in retail departments and subsidiaries - goal not carried over                 |
| ÷ Strive for women to comprise half of the participants in DLG's managerial activities - goal not carried over    |

DLG shall therefore focus efforts in 2015 on broadening the female management pipeline. This will demand a re-tuning of the group's recruitment processes, so as to ensure that the process does not include barriers for female candidates.



# DLG'S CSR POLICY

DLG commits to following the ten principles of corporate responsibility in the UN Global Compact. As part of this effort, DLG is working to implement the principles in human rights, workers' rights, environment and anti-corruption in the group's daily operations. We follow all relevant legislation and regulations in the countries in which we operate. We are dedicated to maintaining open dialogue on CSR-related issues with our stakeholders.

- We therefore always strive to ensure the highest quality and security in our agricultural products and foodstuffs production, from farm to fork
- We strive to be ambitious in our efforts to secure responsible value chain management and protect the group's reputation
- We strive to reduce DLG's energy consumption, minimise our environmental emissions and generally reduce our environmental impact
- We do not accept corruption in any of its forms, including (but not limited to) bribery, extortion, facilitation payments or nepotism in any of our business operations or relations
- We strive to maintain secure working conditions, a sound working environment and to create good opportunity for development for our employees and business partners
- We respect internationally recognised human rights and continually evaluate our business to identify instances that can negatively impact these rights

This policy is evaluated and revised on an annual basis by DLG's group management.



# GOALS FOR 2015

## CROSS-SECTORAL GOALS

- Continue to expand common accounting principles for CSR data for use in the report, including data on energy, employees and supply chain management etc.
- Continue an expanded dialogue on CSR with our stakeholders

## RESPONSIBLE SUPPLY CHAIN MANAGEMENT

- Identify challenges for responsible supply chain management within the most important raw materials. Products will represent business areas feedstuffs, vitamins and minerals, plant production, DLG Food, DLG Energy, and PlusGoods
- Improve data collection and reporting for CSR initiatives in our value chains
- Continue to analyse and evaluate our value chains based on the criteria in UN's Global Compact
- Continue the productive and constructive dialogue with our suppliers on raw materials, such as soy
- Work to promote use of DLG's charter for sustainable soy production
- Support the common European initiatives in FE FAC for the purpose of stimulating more sustainable global soy production
- Support the Roundtable for Sustainable Palm Oil (RSPO)
- Initiate the development of a group-wide Code of Conduct for DLG

## FOOD PRODUCT SAFETY AND QUALITY

- Initiate discussions internally within the group regarding policy for crisis management and product recall

- Focus on responsible supply chain management as part of ISO 22000 and other certifications
- Continue to participate in the development of the new ISO 22000 feed standard
- Focus on matching market- and consumer expectations with respect to certification and documentation
- Implement a new and reinforced internal auditing system in DLG Food
- Maintain focus on formulation and implementation of relevant KPIs for food product safety and quality in the group's various business areas

## ENERGY AND ENVIRONMENT

- Develop a common policy for resource efficiency focusing on energy and environment
- Systematise knowledge-sharing and best practice
- Introduce LEAN principles in all units within the group as a tool to optimise and reduce waste in the organisation
- All business units reduce consumption of their primary energy source by 2 per cent. Each unit must state their primary energy sources and present an action plan

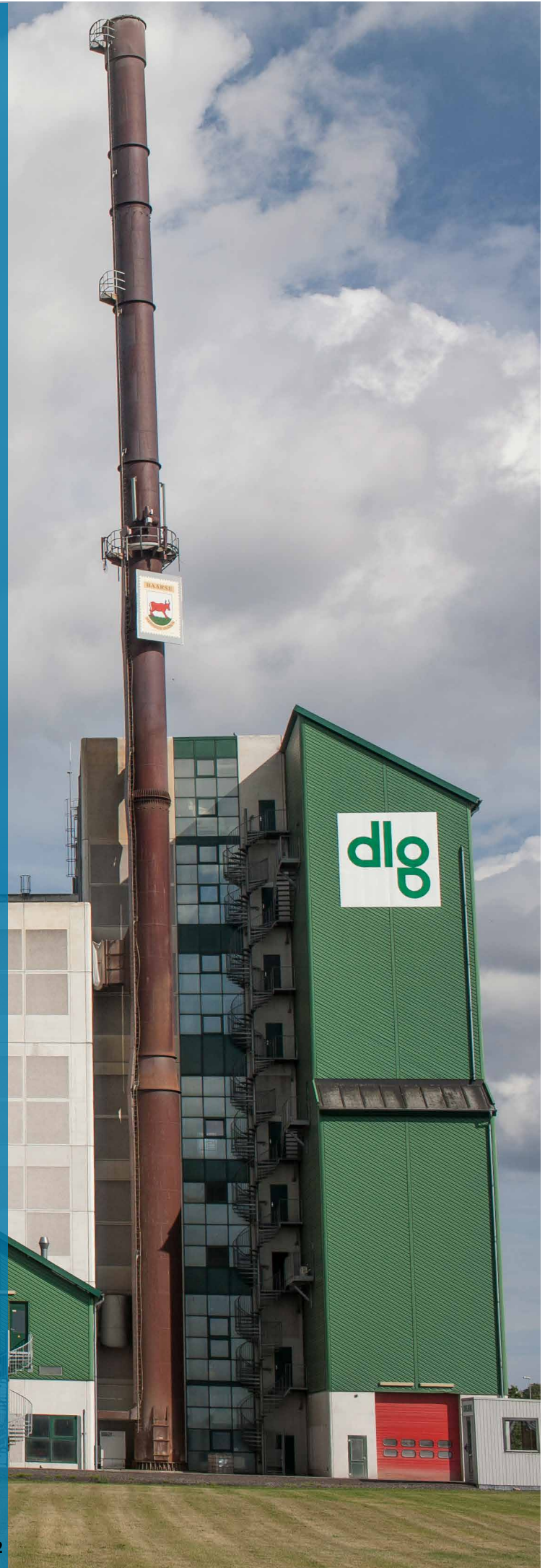
## ANTI-CORRUPTION

- Deploy and instruct based on our new anti-corruption policy
- Communication- and training initiative for managers and relevant workers



## WORKERS, WORKING ENVIRONMENT AND DIVERSITY

- Strengthen procedures for recording of near-accidents/incidents. The goal is to capture at least 50 incidents so we can derive lessons from each individual case
- Strengthen collaboration on working environment initiatives with Sweden and Germany
- Elect a woman to DLG's board of directors by no later than 2018
- Like 2014, focus on communication and information regarding women in management and diversity, such as through the group's intranet, employee meetings and employee newsletter
- Continue sending participants to the CBS Executive course "Leading Woman"
- Strive for equality in our recruiting of new workers
- Formulate job adverts so they appeal to both men and women
- Initiate work to develop a concrete diversity plan slated for 2016, with a broader perspective on diversity than gender, including, for example, facets such as religion, culture, ethnic background, and sexual orientation



The DLG group is Europe's second-largest agricultural firm and has approximately 29,000 farmers as owners. In less than ten years the DLG group has gone from being a purely Danish cooperative to an international group with 40 subsidiaries in more than 20 countries. DLG now realises the majority of its business on the international market.

We strive to be the preferred business partner for our customers and to run an innovative, responsibility-minded and productive company that benefits our owners, customers and employees.

The group is bound by our core values. We strive to be Trustworthy, Value-Creating and Ambitious in everything we do.

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