



DLG GROUP

CSR REPORT

2015



dlg

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FOREWORD

Welcome to the DLG Group's third CSR Communication on Progress.

As one of the largest agricultural companies 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 the Danish and European agriculture and foodstuffs cluster. This also means that we as a company have a social and environmental responsibility.

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, labour rights, environment and anti-corruption in the group's daily operations. At the same time, we are committed to actively communicating the group's CSR activities and results in an annual pro-

gress report, known as a Communication on Progress (COP). This is our COP, in which we publish our goals and our actions in CSR, whilst at the same time describing the areas where we hope to progress over the course of the coming year.

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

2015 was yet another eventful year rich in lessons for our work in social and environmental responsibility. Over the course of the year, we put special focus on developing a series of group-wide policies in the form of a new "Supplier Code of Conduct" and a new diversity programme. We have also made some

changes to our CSR organisation. In 2016, our focus will be on continued optimisation of our reporting methods, whilst the implementation of the group-wide policies will also be a high priority.

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

DLG EXECUTIVE BOARD

KRISTIAN HUNDEBØLL
(CEO)

KIM BALLE
(CFO)

LARS SØRENSEN
(COO)

OLE CHRISTENSEN
(COO)



KRISTIAN HUNDEBØLL, KIM BALLE, LARS SØRENSEN OG OLE CHRISTENSEN

WHAT DID WE PROMISE IN 2015 AND WHAT WERE THE RESULTS?



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 feed, vitamins and minerals, crop production, foodstuffs, 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 the UN 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 FEFAC 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 the DLG Group



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

- ✓ Initiate development of 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.
- ✓ Reduce consumption of primary energy source by 2 per cent in all business units. Each unit must state their primary energy sources and present an action plan.



ANTI-CORRUPTION

- ✓ Implement our new anti-corruption policy
- ÷ Communication and training initiative for managers and relevant employees



EMPLOYEES, WORKING ENVIRONMENT AND DIVERSITY

- ÷ Strengthen procedures for recording of near miss 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 Women"
- ✓ Strive for equality in our recruiting of new employees
- ✓ Formulate job adverts so they appeal to both men and women
- ✓ Initiate work to develop a concrete diversity strategy slated to start in 2016, with a broader perspective on diversity than gender, including, for example, facets such as religion, culture, ethnic background, and sexual orientation.

GOALS FOR 2016



RESPONSIBLE SUPPLY CHAIN MANAGEMENT

- ! Continue to analyse and evaluate our value chains based on the criteria in UN's Global Compact.
- ! Implementation of the FEFAC Soy Sourcing Guidelines as a basis for purchasing sustainable soy for the Danish market.
 - Present the FEFAC Soy Sourcing Guidelines to stakeholders and partners in Farming & Food and their member companies
 - Work towards the development of a common purchasing policy for sustainable soy for the Danish market
 - Purchase up towards 10% of DLG's soy consumption in accordance with the minimum requirements in the FEFAC Soy Sourcing Guidelines
- ! Implement DLG's Code of Conduct for Suppliers in the most essential suppliers within the individual business areas of the DLG Group.
- ! Support the Roundtable for Sustainable Palm Oil (RSPO)



FOOD PRODUCT SAFETY AND QUALITY

- ! Continue to develop the crisis management and product recall policy
- ! Continue to focus on responsible supply chain management as part of ISO 22000 and other certifications
- ! Implement the requirements in ISO 22002-6 Feed and Animal Food Production in Danish feed production
- ! Continue to focus on matching market and consumer expectations with respect to certification and documentation
- ! Continue to implement a new and reinforced internal auditing system
- ! Maintain focus on formulation and implementation of relevant KPIs for food product safety and quality in the group's various business areas



RESOURCE EFFICIENCY

- ! To expand and apply LEAN principles throughout the entire group with respect to resource optimisation. Optimisation follow-up is carried out through KPI reporting
- ! 2 per cent reduction in primary energy source consumption in all business units. Each business unit must state their primary energy sources and present an action plan to reach this goal.
- ! Develop and incorporate a common policy for resource efficiency focusing on energy and environment in "Strategy 2020"
- ! 5 per cent reduction in movement factor



PEOPLE IN DLG

- ! Continue implementation of and training in our anti-corruption policy.
- ! Continue on-going implementation and awareness building of DLG's working environment initiatives.
- ! Elect a woman to DLG's board of directors by no later than 2018.
- ! Ensure a pipeline of female talents by striving to maintain at least 1 woman on the list of candidates in recruiting
- ! Increase the percentage of female managers in Denmark and Sweden to 25 per cent by no later than 2018. This development should preferably be reflected in the highest levels of the group's management.
- ! Cultivate an inclusive working environment through training in diversity and inclusion
- ! Measure and follow up on employee views on diversity in the annual employee satisfaction surveys to maintain focus on an inclusive work environment

ABOUT DLG

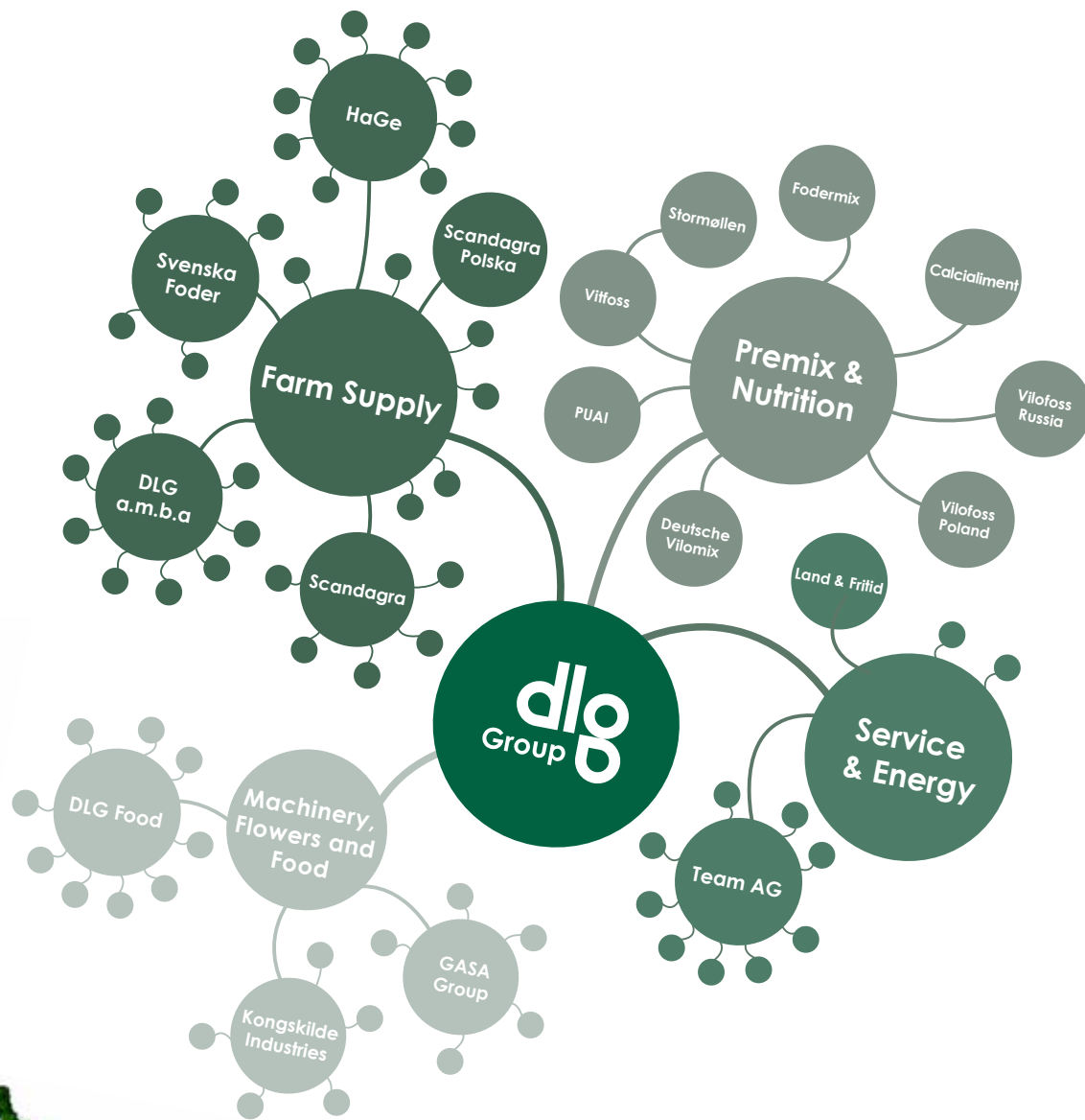
DLG is a legally independent unit. The company's business name is Dansk Landbrugs Grovvarereselskab a.m.b.a. The company is a cooperative with limited liability, a.m.b.a., based in Axelborg in Copenhagen. The company's purpose is to:

- Acquire farm supplies for members at optimal quality
- 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

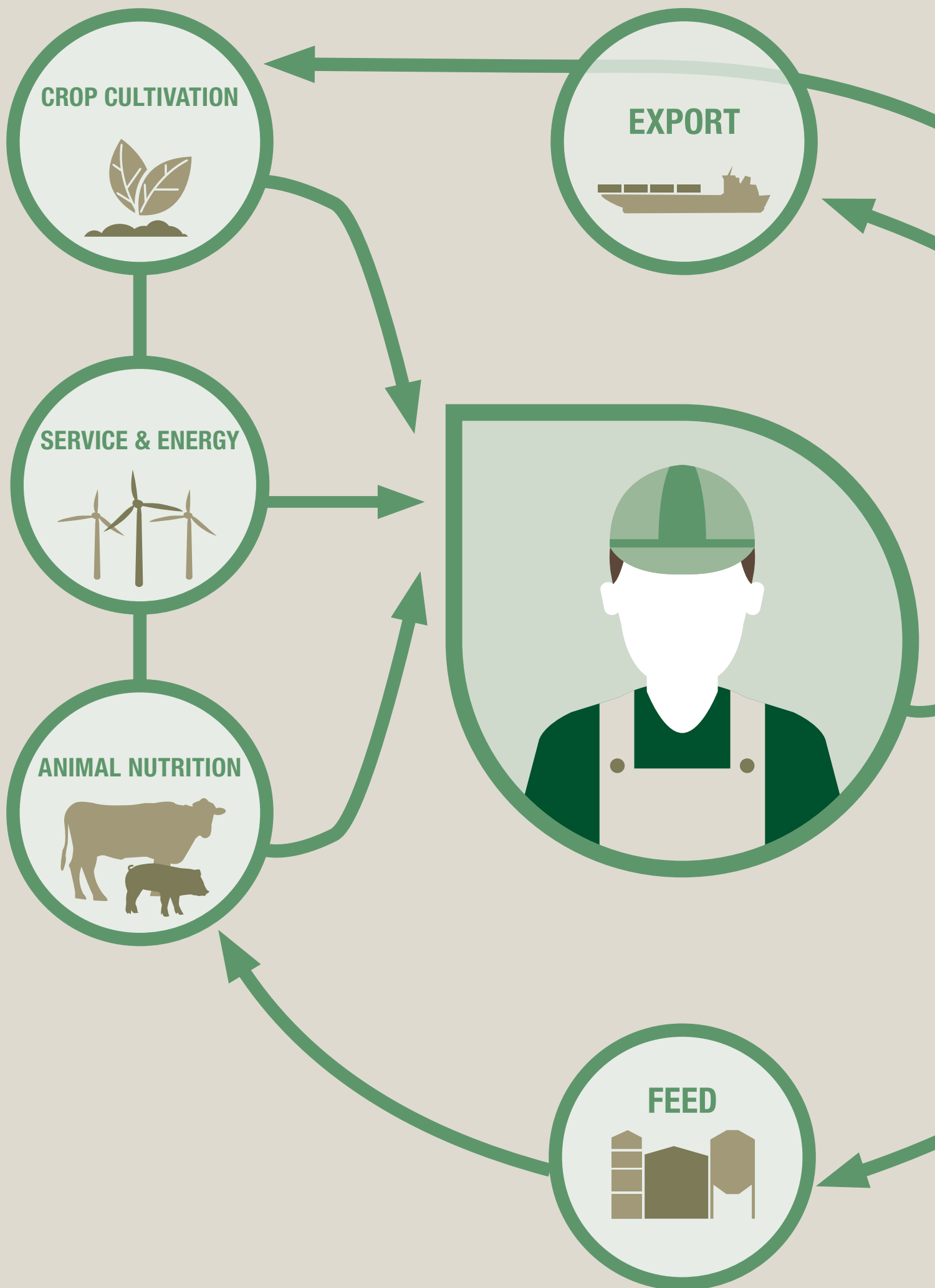
The DLG Group is one of Europe's largest agricultural companies. The DLG Group has gone from being a purely Danish cooperative to an international group with 40 subsidiaries in more than 20 countries.





IN 2015, THE GROUP HAD A TURNOVER OF APPROX. DKK 55 BILLION. THIS MAKES THE DLG GROUP ONE OF EUROPE'S LARGEST AGRICULTURAL COMPANIES. DLG NOW REALISES THE MAJORITY OF ITS BUSINESS ON THE INTERNATIONAL MARKET.





ABOUT DLG



VEGETABLE PRODUCE AND CROPS



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 employees. Approximately 3,800 employees work in the three largest German subsidiaries: HaGe, Team AG and Deutsche Vilomix. DLG's three strategic business areas include Farm Supply, Premix & Nutrition and Service & Energy.

As a group, DLG has many different roles: DLG supplies farmers with feed from its own plants, fertiliser, agricultural limestone, crop protection, and fuel for daily operations. Besides farm supplies such as seed grain, crops and vegetables, the Group's activities include farming equipment.

The DLG Group is also one of Europe's largest exporters of malting barley, seed corn, feed and milling grain and rapeseed. Through the group's affiliated companies, DLG is also involved in flower export and pre-processing of vegetable crops such as rapeseed oil and ready-to-eat salads.

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.

HOW ARE WE WORKING WITH CORPORATE SOCIAL RESPONSIBILITY AT DLG?

At DLG 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, employees and suppliers, and for DLG as a business. In other words, CSR supports our business and helps us reach our strategic goals.

DLG SUPPORTS THE UN GLOBAL COMPACT

DLG adhered to the UN Global Compact in 2012. In the time since, DLG has focused on creating the internal frameworks necessary to work with the 10 principles of the Global Compact in a way that creates value. These principles can be found in the description of the various CSR areas in this report.

DLG'S CSR POLICY:

In April 2014, DLG's Executive Steering Committee adopted a group-wide CSR

policy. The policy is based on the Global Compact, DLG's core values and our fundamental approach to social responsibility, namely that the initiative 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, labour 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.

This policy is evaluated and revised on an annual basis by DLG's Executive Steering Committee. As an extension of our wish to work strategically with CSR, DLG does not consider donations as part of its CSR work.

DLG'S CSR POLICY

- We 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.
- 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



WE SUPPORT

The 10 principles of the Global Compact

- The company should support and respect the protection of internationally declared human rights
- The company should ensure that it does not contribute to violations of human rights
- The company should uphold the right to organise and effectively recognise the right to collective bargaining
- The company should support the elimination of all types of forced labour
- The company should support effective elimination of child labour
- The company should eliminate discrimination with respect to working and employment conditions
- The company should support a precautionary approach to environmental challenges
- The company should take the initiative to promote greater environmental responsibility
- The company should encourage the development and expansion of environmentally friendly technologies
- The company should fight all forms of corruption, including extortion and bribery

Scope and reporting principles

In this report, we present the group's CSR priorities. 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 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. Implementation of social responsibility is a task that is essentially never finished. Integration of the CSR initiative across the group will therefore remain a focus area for 2016.

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. We still have not completely reached our goal with respect to developing common accounting principles for CSR data to be used in the report, particularly in relation to comparability of consolidated group data, which is also an essential aspect of good CSR reporting practice. This work takes time. We have only achieved systematic data collection and developed accounting principles for CSR in parts of the group.

For this reason, DLG's 2015 report does not give a "total view" of all the CSR activities and results in the group. The report has been drawn up by looking at a number of the business areas that see as

the most significant to the business, our stakeholders and for our industry on the basis of the Global Compact principles. Picking up from last year, in 2016 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.

The report covers the majority of DLG's business, starting with DLG a.m.b.a. and majority-owned subsidiaries.

Going forward we will continue to work to include more and more units in our reporting.

DIALOGUE WITH 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 2016 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.

Companies covered in this COP

DLG a.m.b.a.

DLG Service a/s


Vilofoss-gruppen

HaGe Kiel AG

Svenska Foder AB

Team AG

GASA GROUP



*“Implementation of
social responsibility is
a task that is essentially
never finished.”*



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

DLG'S CSR ORGANISATION

Managerial responsibility for DLG's advances in social responsibility is anchored in the group's upper management. A CSR coordinator has been appointed, who is responsible for overseeing this work on a day-to-day basis and coordinating cross-sectoral activities, internal and external communications, and Global Compact reporting. The task of elaborating goals, action plans and KPIs had been assigned to five cross-sectoral work groups in 2015. This will be cut down to three working groups from 2016 onwards:

- Responsible supply chain management
- Resource efficiency
- Food product safety

The groups consist of representatives from all parts of the group, and its management is rooted in DLG's Executive Steering Committee (EXCOM). EXCOM is also responsible for ensuring that cross-unit CSR initiatives are implemented in practice. The individual business

areas are responsible for translating the CSR goals into concrete action plans.

The three groups reflect the CSR topics of decisive strategic importance for the DLG Group. These topics are selected after extensive analysis of the CSR area, based on workshops, internal interviews and evaluation of existing initiatives, and more. These analyses are carried out for the purpose of defining relevant CSR risks and opportunities, so the most essential CSR areas in relation to the character and scope of our business are established.

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.



Comments or questions?

E-mail information@dlg.dk

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

As a responsible agricultural and food products group, DLG wishes to maintain control on the company's value chains. 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. As DLG moves towards a greater level of internationalisation, we see a growing need to carry out a more systematic approach to cooperation with the group's suppliers. It's therefore also a matter of managing risk in the value chain.

Progressive work towards responsible supply chain management starts first and foremost with the group's Supplier Code of Conduct and creating 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 labour rights, environmental impact and quality assurance — may arise. Our focus on responsible supply chain management is an active means of meeting this challenge.

In 2015, we worked to improve our data collection and reporting of CSR issues in the group's value chain. This work will be continued over the coming years.

THE DLG GROUP'S SUPPLIER CODE OF CONDUCT

In 2015, DLG drafted a Supplier Code of Conduct. This describes the requirements we set for our suppliers. The requirements originate from our CSR policy and the sustainability criteria of the UN Global Compact. The goal for 2016 is to implement the new Supplier Code of Conduct with the most essential suppliers within the individual business areas in the DLG Group.

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 raw materials that DLG purchases. The greatest percentage possible of these must be GMP-certified (Good Manufacturing Practice). In 2015, more than 90 per cent of our suppliers had a certified quality control system, while 75 per cent of the raw materials were GMP-certified.

Svenska Foder, the group's Swedish agricultural supplier, also purchases with a focus on fulfilling the requirements set by the ProTerra certification system. 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 2015 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.



DLG and soja

DLG accounts for about half of Denmark's purchasing of soybean 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. Through a series of visits to soy producers and suppliers in Argentina and Brazil, we have sought to gain insight and understanding — and 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.

A high-angle photograph of a large cargo ship's deck, painted in a reddish-brown color. Several large, flat, rectangular cargo containers are visible, some with yellow markings. A yellow crane is in the process of lifting a container from the deck. In the background, the ship is docked at a port with other vessels and industrial structures visible under a blue sky with scattered clouds.

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.

Supply chain management in HaGe, the group's German agricultural supplier, 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 online.

Together with a number of food product producers including Arla, Danish Crown, the Danish Agriculture and Food Council, DLG has pledged to buy only sustainably produced soybean 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 and Supplier Code of Conduct, which consists of a number of points, in which adherence to the Global Compact is one of the requirements. We maintain a continuous dialogue with our suppliers regarding responsibility and

sustainability in soy production, while also taking part in public debate on this matter.

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 2015 DLG also assumed a leading role in the development of FEFAC's 'Soy Sourcing Guidelines', which shall serve as a basis for purchasing of sustainably produced soy in Europe. In 2016, we will work towards making the FEFAC initiative the standard in the industry, while also building awareness in customers and partners in the farming sector.

PALM OIL

DLG's purchasing of palm oil for use in feed production is on par with that of soybean 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 southeast 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, labour rights, use of the best available growing methods, protection of nature and the environment, and long-term economic planning. In 2015, the group carried on a dialogue with our suppliers in Malaysia, a measure that included several visits to the country.

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. In conjunction with quality management, we follow up by means of check 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 particulate and odour production).



FOOD PRODUCT SAFETY AND QUALITY

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.

FOOD PRODUCT SAFETY AND QUALITY OF FEED

In correlation to quality management of the vitamin and mineral compounds used in conjunction with food product production, DLG 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 also provides economic support to a Danish-led food product secretariat in order to secure central placement of Danish stakeholders in the development of international standards in food product safety under the ISO system.

In 2014 and 2015, DLG actively worked to see that the secretariat implemented the standard for feed production under ISO direction as a supplement to ISO 22000, while also ensuring progress in the same.

In 2016, DLG shall continue to work actively for the development of this standard with an expectation of having an ISO standard in place by 2017 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 animal feed 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.

The objective of participating in the development of the ISO 22000 standard continues in 2016.

FOOD PRODUCT SAFETY AND QUALITY IN DLG'S FOOD PRODUCT COMPANIES

Social responsibility and sustainability in the food products sector fundamentally comprise a concern that is inherently at the heart of our work at DLG. We have increasingly come to make this a key concern as foreign customers, in particular, refer to standards such as Sedex on pre-processed 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.

Another significant focus area in DLG Food has been to consistently be able to meet increasing need for documented processes to keep up with new market and cus-



customer requirements. Several of the companies are going through customer audits based on more demanding standards, including, among others, BRC, and customers' own standards based specifically on BRC. This is unfolding in parallel with 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.

In 2015 DLG Food focused on reinforcement of the internal audits required per the standards (BRC, ISO 22000, FSSC 22000) by which we operate. One important goal with this has been to reduce the number of deviations in external certification audits and to avoid costly follow-up visits.

An audit team consisting of employees from each production unit has been appointed. The audit team has been to an internal course in holding internal audits

and then attended internal audits with participation of experienced auditors to gain practical experience and ensure that the standards are covered by the audits. Results: Fewer claims and fewer repeat visits for all companies.

- DLG Ingredients achieved BRC grade A – no repeat visits
- Lammefjordsgrønt ISO 22000 and FSSC 22000: 4 deviations – no repeat visit
- FoodOil ISO 22000: 5 deviations – no repeat visit

In 2016, efforts were made for FoodOil in Ågersted and Kiel to become certified in a GFSI standard (FSSC, BRC or IFS) in order to meet demand from our customers.

Another important focus area has been registration of claims. From 1 January 2015 onwards, all deviations are entered into a claims handling module in IPW. We have been able to follow developments and claims over the course of the year. This has been part of the management reports that were reviewed at the year's management meetings. The number of claims must be brought down, and in the future can be included as a KPI.

Development of the common document management system IPW has also been part of the work tasks undertaken this year. In keeping with increasing requirements for documentation and described procedures, IPW is an important instrument for document management and guidance of the company's internal audit plan.

Quality employees have attended an internally held course in microbiology "Microbial safety and shelf-life of crops and vegetables" to raise competency levels in microbial risk assessments of processes and the products we produce. Recalls took place in 2014 and 2015 because of microbial growth. This course is an important element to prevent such recalls in the future.

Several of the goals for 2015 have been pushed back, as there are processes and improvements that were essentially never brought to completion. This involves, among other things, our focus on responsible supply chain management in ISO 22000, implementation of the internal audit and LEAN and formulation of KPIs for food product safety and quality in all of the group's business units.



LAMMEFJORDSGRØNT'S CSR WORK IN 2015

Lammefjordsgrønt offers convenience salads and vegetables to the Danish catering and retail market and to industry. Following increasing requirements for documentation and certification, the company has become ISO 22000 and FSSC-certified. Such a certification requires control over farm-to-fork processes, which entails food product safety, supply chain management, traceability, documentation for work processes etc.

Supply chain management is an important task and Lammefjordsgrønt aims for all of its fruit and vegetable suppliers to be Global GAP certified, which is a natural selection criterion when seeking new suppliers. 89% of suppliers are Global GAP certified. Only one single local organic supplier is not yet Global GAP certified. Other suppliers are selected on the basis of certification to the greatest extent possible. If one cannot be found, a dialogue shall be opened up with the supplier regarding their food product safety, traceability, procedures, etc. to ensure that the raw material meets the standards required for Lammefjordsgrønt's products.

In 2015, DLG Food focused on internal audits, with the goal of having fewer deviations and no repeat visits. In 2014, Lammefjordsgrønt had 13 deviations, 2 of which were considered "Major" deviations that resulted in a repeat visit. In 2015, this number was brought down to 4 minor deviations and there were no repeat visits, which is a notable improvement.

In terms of energy, Lammefjordsgrønt is a major consumer of water because of high volume vegetable washing; improvements have been made here to ensure minimised water consumption without compromising quality.

Where waste management is concerned, waste sorting has been optimised so that fewer tonnes are sent for combustion on a monthly basis and a greater fraction is re-used.



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. We therefore began to formulate a suitable resource efficiency policy in 2015 as well, which now over the course of 2016 shall be expanded and incorporated into DLG's future group strategy.

The overall goals for resource efficiency tasks in 2016 are:

- To expand and apply LEAN principles throughout the entire group with respect to resource optimisation. Optimisation follow-up through KPI reporting
- 2 per cent reduction in primary energy source consumption in all business units. Each business unit must state their primary energy sources and present an action plan to reach this goal.
- 5 per cent reduction in movement factor

ENERGY SAVINGS IN PRODUCTION FACILITIES

Production of farm supplies is a core area for DLG and requires great amounts of

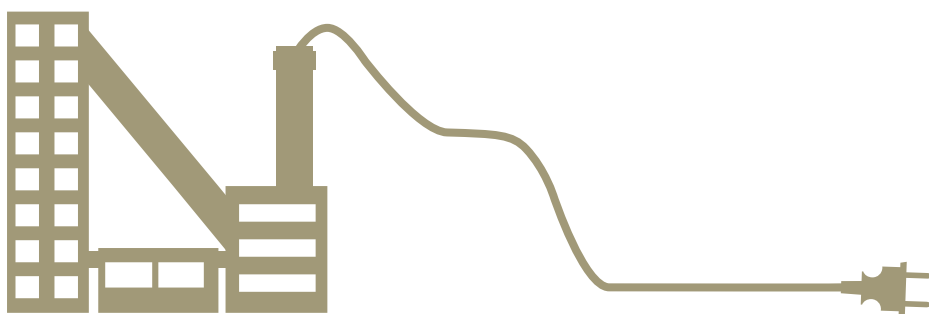
energy. It therefore makes commercial sense to strive to become as energy-efficient as possible, as this benefits both the environment and our customers.

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. We reached our goal in 2015, and in 2016, we aim to realise another 2 per cent savings on this specific energy consumption.

TRANSPORT AND LOGISTICS

Logistics

In 2015, we set a very ambitious goal for the movement factor in Denmark. The goal was to reduce transportation volume by 300,000 tonnes in relation to 2014.



A specific energy reduction of 1,570,000 kWh was achieved at the agricultural products facilities in Denmark. 16 optimisation projects have been carried out, including renovation of one of our plants, which alone reduced energy consumption at the site in question by 13.6 per cent compared to 2014.

A reduction in energy consumption of 716,000 kWh was achieved in Germany in 2015, and a further reduction of 615,000 kWh is planned for 2016. In Sweden, energy consumption was similarly reduced by nearly 1 million kWh in 2015, and another reduction of 1.25 million kWh is planned for 2016.



“ In order to contribute to the most sustainable development, DLG strives to be effective and innovative in its use of technology and resources. ”

Internationally, DLG instituted a number of common KPIs in the logistics area in 2015. The KPIs consist of the following:

- Movement factor for grain, feed, raw materials and fertiliser.
- Average load sizes
- Fuel consumption

We shall continue working in 2016 to set common movement factor goals and expand the number of KPIs.

Since the harvest year passed with sales of export grain in large ships and a crop yield that was record-breaking nationwide, relatively late and wet, this has shown to be an ambitious goal. Final results are on par with 2014. The 2015 harvest showed us that the continued development with larger and larger machine capacity in the agricultural sector presents demands for greater collaboration with our customers regarding correct inventory placement and increased in-house storage of crops. This work is continuing in 2016.

Transport

Reduction of fuel consumption remains the primary focus of the transport area. In 2015 we continued shifting our transport flow over towards lorries with greater capacity and better fuel economy. 97

per cent of our transport fleet is currently EUR5, while the rest is EUR3. The goal for 2016 is to convert the rest of the vehicles to EUR5.

We are also focusing on more environmentally friendly fuel. DLG is collaborating with vehicle suppliers on training our drivers so they receive individual instruction in driving in the most environmentally friendly way possible. In the lorries included in our measurement of savings, we increased fuel savings by 18 per cent since training in environmentally friendly driving was introduced.

In 2015 we consumed 3.8 million litres of diesel, which is a 12 per cent reduction compared to 2014. The goal for 2016 is to reduce consumption by another 5 per cent per km.

LEAN

Implementation of LEAN in our production, logistics and transport remains a major focus, involving LEAN agents, training and more. All employees of our German subsidiary have attended a two-day course, and half of all employees in Svenska Foder have undergone LEAN training.





DIVERSITY

In 2015, DLG developed a diversity strategy, in which we broadened our diversity perspective beyond gender alone. This strategy encapsulates our priorities and goals, and is guided by our over-arching vision for diversity.





In DLG, we understand diversity in terms of inclusion. By this, we mean that we strive to strengthen and value all employees so that each individual can contribute to the whole. We believe that a workplace where difference is valued will ultimately be able to create value for our owners.

We continually work to create inclusive structures that do not infringe upon or impede any groups. Decisions on recruitment, hiring, training, development and evaluation of our employees shall always follow the principle of equal opportunity. Our policy is to create an environment where the individual employees are respected and rewarded on the basis of their efforts, not their age, gender, ethnic background, sexual orientation or handicap. We also value diversity in the form of various personal traits and ways of thinking.

GENDER

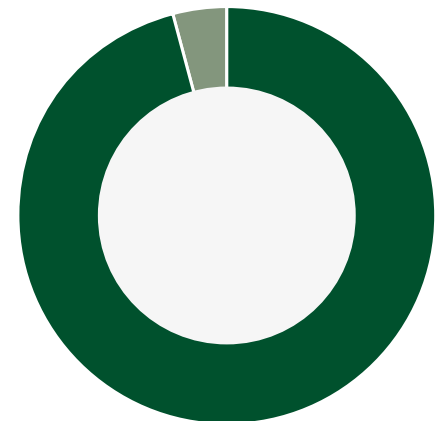
In 2015, we set a number of concrete goals for gender diversity. We have no

explicit goals regarding general gender distribution for DLG employees. This distribution reflects the fact that we have many hourly employees working in physically oriented job positions, where the recruitment pool primarily consists of men. If, on the other hand, one looks only at the gender distribution in office employees, the gender distribution is more balanced than for all employees overall.

MORE WOMEN AMONG OWNERS AND THEREBY ON THE BOARD OF DIRECTORS

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 Board of Representatives, which includes 133 members. On the basis of an board members (excluding employee representatives). Our goal is still to have one woman elected into DLG's board of directors in the 2018 voting round.

1,200 OF DLG A.M.B.A.'S 29,000 OWNERS ARE WOMEN



FOCUS ON COMMUNICATING THE IMPORTANCE OF WOMEN IN MANAGEMENT

In 2015, DLG focused on communications via channels including intranet, staff meetings and employee newsletters regarding gender diversity in general management. We have also broadly communicated the fact that we now have two women in group management. The purpose is to promote role models for female management talent within the group, just as much as we would like to

attract and recruit skilled female managers externally.

ATTRACTING AND DEVELOPING SKILLED WOMEN

In 2015, we took steps towards ensuring that our recruitment process does not contain barriers for female candidates. This work has focused on what signals we send as a company both directly and indirectly. This includes, for example, gender-neutral job postings in Denmark, Sweden and Germany. In Denmark and

Sweden, we encourage applicants of various backgrounds to apply, and the recruitment process has been standardised and systematised. In Germany, female management talents are offered a mentor.

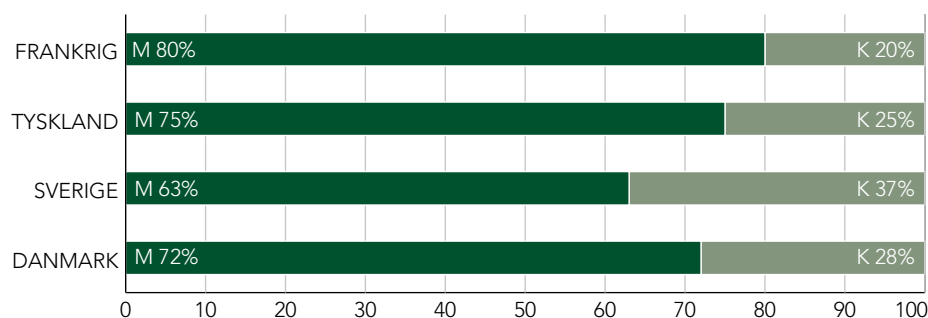
DLG is focused on a number of different initiatives all aiming to provide female employees the opportunity to realise their leadership potential. We have expanded the selection of manager development courses, and systematically encourage managers to send potential new managers to management training. In Denmark, this has resulted in an increase in the number of female participants in management courses from 22 per cent in 2014 to 43 per cent in 2015. We anticipate that this will increase the pool of female management talent.

NEW DIVERSITY STRATEGY FOR 2016

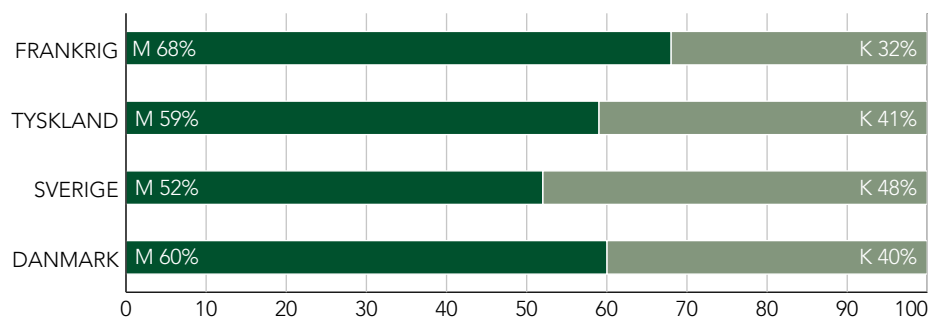
In 2016 we shall begin implementing our diversity strategy with three over-arching goals:

- Recruit and hire based on a diverse and qualified group of possible applicants to ensure a high-performance workforce
- Cultivate an inclusive workplace by supporting a culture that promotes collaboration, fairness and provides individual employees the possibility to contribute and develop their full potential
- Assume responsibility by measuring and following up on employee perspectives on diversity, and shaping our management to lead in a diverse environment and create an inclusive culture
- A Diversity and Inclusion Council consisting of representatives from group companies has been created to support this initiative; its mission is to ensure progress and follow-up

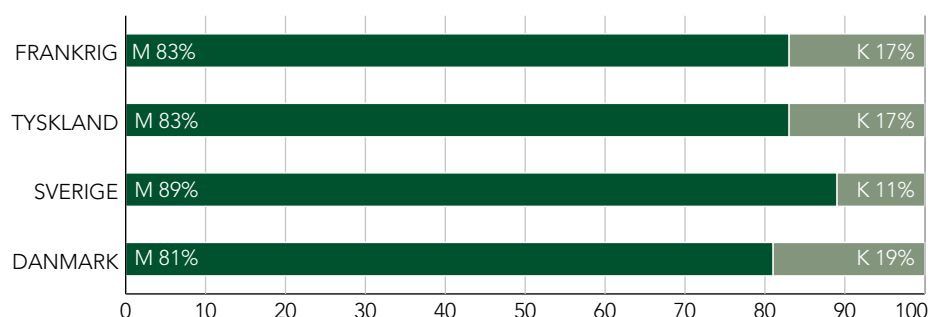
GENDER BREAKDOWN, ALL EMPLOYEES



GENDER BREAKDOWN, OFFICE EMPLOYEES



GENDER BREAKDOWN, MANAGEMENT



Diversity goals

Our diversity strategy includes a number of long-term goals, including the following points for 2016:

- ! Elect a woman to DLG's board of directors by no later than 2018.
- ! Ensure a pipeline of female talents by striving to maintain at least 1 woman on the list of candidates in recruiting
- ! Increase the percentage of female managers in Denmark and Sweden to 25 per cent by no later than 2018. This development should preferably be reflected in the highest levels of the group's management.
- ! Cultivate an inclusive working environment through diversity and inclusion training of relevant managers and specialists
- ! Measure and follow up on employee views on diversity in the annual employee satisfaction surveys to maintain focus on an inclusive work environment

“ *In DLG, we understand diversity in terms of inclusion. By this, we mean that we strive to strengthen and value all employees so that each individual can contribute to the whole. We believe that a workplace where difference is valued will ultimately be able to create value for our owners.* ”





WORKING ENVIRONMENT

DLG has nearly 7,500 employees, all of whom help make it possible for us to run a successful and effective business. Employees who are trustworthy, value-creating and ambitious constitute DLG's most important resource, and it is this that allows us to continue our positive development. In addition to general personnel policies, we are working with policies across the group for social responsibility and governance.

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 other types of 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 employee safety, working environment and health.

WORKPLACE ACCIDENTS

In 2015, we had a work-related fatality in our German subsidiary HaGe, which is unacceptable. In the DLG Group, we are working intensively in our working environment and safety initiatives to avoid such situations. Several measures were instituted locally in HaGe to prevent and avoid similar accidents in the future, and the accident served to sharpen our focus on a safe working environment.

Through our working environment initiatives, we have succeeded in reducing the



EXPANDED WORKING ENVIRONMENT INITIATIVES

We are continuously working to strengthen group-wide working environment cooperation across national borders and companies. This involves, among other things, improved data collection and common initiatives, whilst also making implementation and awareness of working environment measures in DLG a fundamental focus.

- Workplace accidents and related absence
- Accident prevention and employee training
- Psychological work environment
- Injunctions
- Implementation and awareness building of DLG's working environment initiatives
- Incidents
- Updating of IAPV
- Internal transport (signage/posting)
- Heavy lifting – layout of warehouses/shops
- Working environment issue audit during inspection rounds
- Update of the Atex zone classifications and action plans
- Systematic work based on REACH
- Safety data sheets/Workplace instructions for use
- ADR
- Training

number of workplace accidents and resultant sick leave markedly since 2010. In 2015, we documented 30 workplace accidents in DLG a.m.b.a., resulting in a total of 287 lost days of work. This is down from 36 workplace accidents and 416 sick days in 2014, which is satisfactory. The workplace accidents registered range from a scratched finger to a broken shoulder. At the same time, the number of injunctions from authorities fell from 23 in 2014 to 7 in 2015, which is very positive.

At DLG, we are continually focused on ensuring employee 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.

NEAR MISS INCIDENTS

At DLG, we are convinced that through a more systematic documentation of near miss incidents and lessons learned from

these, we will be able to prevent many workplace accidents. Our goal was therefore to record 50 near miss incidents in 2015. In this context, this is unacceptable, since after having recorded 11 incidents in 2014 we only recorded 19 incidents in 2015.

Making it easier for employees and managers to record near miss incidents will therefore continue to be a priority for 2016. This will be achieved partly through an internal communication initiative to increase employee awareness of near miss incidents, and by illustrating why it is so important for the near miss incidents to be documented. Documentation of near miss incidents is an indispensable tool for a better and more secure working environment, and shall be a focal point in DLG's work in the years ahead. The task of documenting near miss incidents is an on-going process. Continual efforts are underway to make recording, and with it knowledge sharing, easier for the individual employee. This therefore remains an area of focus.



ANTI-CORRUPTION

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 employees must neither practice nor be subject to corruption. This position is also reinforced through our adherence to the UN 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 the corruption assessments released by

Transparency International than our core markets in northern Europe. To acknowledge this, DLG formulated and adopted its own anti-corruption policy in 2014. 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 focused on implementing the anti-corruption policy throughout the entire group and establishing anti-corruption procedures in our internal audits. Training managers and relevant employees in DLG is a major challenge, and we fell short of our goal. This work will continue in 2016.

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





The DLG Group is one of Europe's largest agricultural companies. 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 are trustworthy, creative and ambitious in everything we do