



UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2015

Danish Agro 



About the Danish Agro group

Danish Agro is an international agricultural group, with 4,500 employees in 15 countries, mainly in Scandinavia and the Baltic Region.

The group mainly operates within the sale of feed mixes, ingredients and vitamin mixes, fertiliser, crop protection, seeds and energy, plus the purchase of crops from farmers.

The group is also distributor of a number of strong farm machinery brands, and runs an extensive chain of hobby and leisure retail outlets.

Danish Agro was founded in 1901, and is now one of the biggest and most important agribusiness groups in Northern Europe. We are an independent, cooperative company, owned by approx. 10,500 Danish farmers.

The group is a member of industry trade organisations DAKOFO, the Danish Grain and Feed Trade Association, and the Danish Agriculture and Food Council.

This CSR report is legally required account of Danish Agro groups corporate social responsibility.

Caring for the environment, community and economy go hand in hand

Danish Agro strongly believes that caring for the environment and community should go hand-in-hand with financial responsibility, and that social responsibility and caring for the environment are therefore integrated elements of the company's business. Sustainable development of society is dependent on productive, competitive and efficient business.

This report is the Danish Agro group's second 'Communication on Progress' report. During the past year, we have focused on activities that are directly relevant to our business and the environment we are part of. Our CSR activities focus on those areas in which we have expertise and know-how.

We take a proactive approach to social and environmental responsibility throughout the value chain based on the UN Global Compact's 10 principles.

Within social responsibility, we focus on a personnel policy with the emphasis on safety at work, training and a healthy working environment. We want to engage in constructive and innovative dialogue with our suppliers based on the principles of human and labour rights.

This includes focus on health and the working environment, and we do not tolerate forced or child labour.

We started a trainee programme in 2015, via which we take direct responsibility for the youngsters on the programme, sharing our knowledge and giving them a good start in the agribusiness industry.

With regard to the environment, we focus on making as little impact as possible. A number of energy-efficiency projects have also been started, designed to benefit the environment and reduce the group's overheads. These include implementing a number of measures in our production units and our transport fleet.

We have also focused on ethical egg production, and consequently entered in an agreement with Dyrenes Beskyttelse, Denmark's animal protection society, concerning several of our organic egg and meat products.

When it comes to our own business practices, we oppose any form of corruption, including blackmail and bribery. We conduct our commercial activities in accordance with international, national and local laws and regulations relevant to our business.

Our trading on the world market is on the basis of free competition and in accordance with competition laws. Trade restrictions applied by the UN are always respected.

We look forward to working further with the Global Compact principles in the years to come.



A handwritten signature in blue ink, which appears to read 'Christian Junker'.

Christian Junker
CEO, Danish Agro

HUMAN RIGHTS

The UN principles about social responsibility and sustainability

The business should

1. Support and respect the protection of internationally-proclaimed human rights, and
2. Make sure that it is not complicit in human rights abuses.

Activities and results

The group's support and respect for international conventions on human rights are reflected internally, including by our HR policies, and externally by the collaborative trading and activities we engage in internationally.

Danish Agro group subsidiary DAVA Foods, the market leader in the Nordic Region within fresh eggs, is the active co-sponsor of a school project in Tanzania.

The project is designed to give underprivileged children the chance to attend preschool, where they are provided with a daily meal, have a place to go and prepare them for school.

The project is based in a very poor area with significant social problems, and will help children get into the positive and healthy routine of attending school, whilst physical and mental problems can be detected at an early stage.

Danish Agro's Supervisory Board worked on applying the recommendations of the Committee for Good Corporate Governance, dated 6 May 2013, in 2015.

'Good Corporate Governance' is a universal term for a number of actions and initiatives that form part of good management for large companies.

Danish Agro's Supervisory Board works proactively to identify and upgrade its existing competences.

Besides this, Danish Agro group has worked with goals and policies regarding the gender representation in management and the reporting of this.

Danish Agro is in a male dominated field of business and is a relatively male dominated company. In real life, it is challenging to attract women to seats in our board and management team.

In the current board of directors in Danish Agro 9 members have been elected on regional meetings and all of these are male.

Danish Agro supports diversity in our board, including the representation of gender. Diversity needs to be prioritized but should not be prioritized at the expense of competencies.

In 2013, the board of directors in Danish Agro has therefore decided that it will be an ambitious and realistic goal to increase the representation of women to 15 % (1 woman) no later than 2018.

In regards of the field of business and the current starting point, the board of directors see the goal as ambitious and realistic.

Our goal means that we need to attract a higher percentage of women to our board than the representation of female farmers in Denmark.

The Board of Directors will actively ensure that more female candidates are identified for the board while they also actively support the work in Landbrug & Fødevarer. After the general assembly in 2018, new goals will be identified.

The goal of 15% women in the board only goes for members elected members – not employees represented in the board.

The gender composition of the boards in the Danish Agro group subsidiaries will happen so they support the overall policy and goals in the best possible way. Therefore the subsidiary boards often consist of members from the group executive management in Danish Agro a.m.b.a. along with representatives from the ultimate owners.

The diversity goal in Danish Agros board has not yet been reached. At the general assembly in 2015 the below amendments were though decided. The amendments are adopted to ensure that the right compositions of skills are represented in the board.

- Following a recommendation from the board up to 2 board members can be elected directly on the general assembly – not via regional meetings.
- The two elected board members have to be members of Danish Agro, but it is not a requirement that the elected members represent a certain region.
- A nomination committee has been established consisting of 3-4 board members, where the chairman of the board is chairman.
- Based on discussions with interested board candidates, the nomination committee will put forward a recommendation to the board regarding the qualifications of the proposed candidate. Based on this, the suggested candidates by the nomination committee should be part of the invitations to the regional meetings.

Above mentioned amendments grants the possibility of electing women not only on the regional meetings but also on the general assembly. This shows that diversity is a prioritized issue among the owners of Danish Agro.

We have also worked proactively towards our goal of appointing more women to the Supervisory Board and management. A policy to this end is already in place for the Supervisory Board and a policy for the management team has also been finalised.

The aim of the policy is to increase the representation of the underrepresented gender in the management team of Danish Agro group, according to the Danish company law § 139a, stk. 1, nr. 2. Danish Agro groups current representation of women in the management team is like this:

1.	Group Executive Management	0%
2.	Group Executive Management, incl. support functions	0%
3.	Management in subsidiaries	22%

Danish Agro is in a male dominated field of business and the group, as of now, reflects this. It can be difficult to attract women to the board and management positions. Danish Agro supports diversity also within gender representation.

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Diversity needs to be prioritized, but should not be prioritized at the expense of competencies.

Below mentioned activities has been initialized in order to increase the representation of the underrepresented gender in our management team:

- Ensuring that the HR policy of Danish Agro group promotes women and men's equal career opportunities, including the procedures within hiring and recruiting.
- To the extent it is possible, ensuring that both male and female candidates are selected for both internal and external recruitment processes.
- Ensuring internal education and development processes in Group Academy with the purpose of developing both male and female management talents.

Throughout the year we have worked with above mentioned policies through activities in order to increase the representation of the underrepresented gender in our management team.

As an example it can be mentioned that at least one female candidate was selected for the final interview for a job in the group executive management.

The share of female managers in Danish Agro group has increased from 20% in 2013 to 22% in 2015, which equals an increase of 10%.

Policies

Danish Agro supports and respects internationally-recognised human rights throughout its organisation.

That means that we support and respect international agreements on human rights. We do not accept forced labour and/or child labour, and respect the right of our employees as to choice of trade union and to take part in collective wage bargaining.

We also observe relevant standards concerning working hours throughout the group. Finally, we ensure that wages comply with the law and industry standards in those countries in which we are active.

LABOUR RIGHTS

The UN principles about social responsibility and sustainability

The business should

3. Uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. Support the elimination of all forms of forced and compulsory labour;
5. Support the effective abolition of child labour; and
6. Eliminate discrimination in respect of employment and occupation.

Activities and results

Danish Agro is a member of the GLS-A employer's federation. Membership acts as a guarantee for decent conditions for the company's employees, via collective and local wage agreements.

We focused on implementing and integrating the group's overall HR policies throughout our subsidiaries in 2015 to ensure consistency.

We hired five youngsters in 2015 as part of the group's new trainee programme, aimed at young people with an agricultural background interested in selling to the agribusiness industry.

The new trainees started on 1 September, and the objective is for them to undertake a customised course focusing on either pigs, cattle or arable farming, in which they get to explore every inch of the agribusiness industry.

The course will involve periods at the academy and practical experience postings with the parent company and subsidiaries, focusing on sales.

We believe that we have a responsibility to share our know-how and experience with young people with an interest in the industry.

Agricultural education courses give young people the essentials, which Danish Agro will then supplement with the knowledge our trainee programme will provide in terms of commercial skills and practical experience.

During the year, we also focused strongly on job satisfaction in the workplace, performing monthly HR surveys in which employees could provide anonymous feedback on their level of job satisfaction via an online questionnaire.

The questions they answered primarily concerned stress, health, mood, creativity and efficiency.



Policies

We will provide an exciting, attractive, effective and involving workplace for all group employees.

That means that we will provide a multifaceted and inclusive workplace, offering opportunity for everyone.

We will provide space for our employees to progress in their job and develop leaders able to inspire their personnel to achieve their best.

We will persistently strive to ensure efficient working processes throughout the group.

We offer competitive terms for our employees and focus on creating a safe, healthy working environment. Finally, we offer working conditions that comply with the law, relevant guidelines and the standards of the UN Global Compact.

Danish Agro has a working environment committee tasked with ensuring the best conditions for our employees.

The group also has a collaboration committee in which the management and employees are represented, to support job satisfaction and dialogue within the group.

ENVIRONMENT

The UN principles about social responsibility and sustainability

The business should

7. Support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Activities and results

The Danish Agro group applies consistent focus to its impact on the environment. This is particularly true of the immediate area in which we are located.

We focus strongly on having the most efficient logistics setup possible, to reduce unnecessary transport by road and sea.

The group is focusing generally on the implementation of ISO 14001 Environmental Management Certification.

Certification systematises planning, control and evaluation of environmental improvements, and will benefit the environment, customers and the business.

Customers will be guaranteed greater transparency for environmental aspects of our production processes.

Danish Agro has an overall policy on our environmental and climate footprint, which is described on both our Danish and International website.

It serves as an overall guide for our work within this area. It is the plan to develop a more detailed policy for Danish Agro's environmental and climate work in 2016.

As an example of how Danish Agro tries to diminish our impact on the climate, our project within energy-efficiency should be mentioned. It is designed to gather details of the group's energy supplies, and to find ways of optimising and streamlining consumption to the benefit of the environment and our overheads.

Analysis of the group's current energy-efficiency status was conducted by certified energy consultants, and the report will be presented on 1 March 2016. The report will contain an action plan for energy-efficiency measures over the next few years.

The project complies with the EU's requirement that large companies must undertake mandatory energy audits to identify possible energy savings.

Within transport, Danish Agro has bought ten new 7 axle trucks that can carry approx. 15% more goods at a time than 6 axle trucks.

The new trucks only use between 1-5% extra fuel per kilometre and given that they carry more, help save the environment and cut group overheads. 52 out of 110 trucks in Danish Agro's fleet are now 7 axle, and we plan to phase out the 6 axle models progressively.

Danish Agro invested in the expansion of production at Scanola, its subsidiary specialising in processing rapeseed, with the objective of achieving processing capacity of 285,000 tons p.a.

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A further 50,000 tons of capacity was added. Expansion also means lower energy costs due to the installation of new presses and 'conditioners' that heat and dry the seeds.

Once the new production facilities are fully implemented, we expect a cut of around 1,300 mW in energy consumption, and a further cut of around 3,100 mW for steam production.

Our subsidiary DAVA Foods, the biggest egg producer in the Nordic Region, launched organic chicken products and eggs stamped with the approval of Dyrenes Beskyttelse, Denmark's animal protection society.

Sales and interest in organic foods have risen rapidly in recent years, which is why DAVA Foods has set a highly ambitious target of generating 50% of its turnover from organic products by 2020.

This vision for the future has already resulted in the breeding of organic male chicks and the sale of the approved eggs.

Dyrenes Beskyttelse has consistently criticised the practice of separating male chicks immediately after hatching, whereupon they are gassed and used for animal feed.

This is a method that has been used for years in the industry, but now discontinued by DAVA Foods and replaced by the breeding programme for organic male chicks.

Hedegaard Foods is studying the possibility of slaughtering, processing and sale of organic chicken meat. In common with organic eggs, the products can be stamped as approved by Dyrenes Beskyttelse.

Policies

Danish Agro wants to reduce its impact on the environment as much as possible, not least within the areas in which we are located.

That means that we promote sustainable processes within the group, and are in constant dialogue with stakeholders on environmental issues.

We focus on saving energy and reducing consumption of materials by constantly monitoring and optimising the way we operate. We comply with all relevant legislation and requirements, and take a proactive approach to the principles of the UN Global Compact.

ANTI CORRUPTION

The UN principles about social responsibility and sustainability

The business should

10. Work against corruption in all its forms, including extortion and bribery.

Activities and results

Danish Agro was given the green light to revise the constitution of two of its subsidiaries, Hedegaard and DLA Agro, both of which had been subject to voting restrictions.

Removing this restriction makes these two companies full members of the group, creating a number of synergies but ensuring that the employees do not unintentionally infringe competition legislation.

The Danish Agro group has a fixed set of internal competition rules to be followed by all our employees at all times. They are designed to ensure that our employees abide by the law in Denmark and the corresponding national laws in the countries in which we operate.

The objective of such laws is to protect free enterprise in a healthy, competitive economy, which is the basis of Danish Agro's business.

Danish Agro will not accept unethical business practices.

Policies

Integrity is in focus in every aspect of our business.

That means that we set high standards of commercial ethics throughout the value chain and the group.

We tackle dilemmas according to our values, and strive for transparency in our commercial decisions and practices. We abide by the law and adopt a proactive approach to the principles of sustainability in the UN Global Compact.



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