



DLG GROUP

CSR REPORT

2016



dlg

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FOREWORD

Welcome to the DLG Group's CSR report for 2016

As one of the largest agricultural companies in Europe, DLG plays an important role as both purchaser and supplier of feed, feed compounds, crops, and other inputs in the first stage of production of food. Together with our energy business, this gives us a central position in the Danish and European agriculture and food cluster. Our aim is to be the industry leader and set its course. This means that we, as a company, recognise and accept a social and environmental responsibility.

DLG operates on the conviction that a company's work in social responsibility must be measured by its concrete actions. This is why in 2012 we committed to the UN 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, employees' rights, envi-

ronment 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 progress report known as a Communication on Progress (COP). This is our COP, where we publish our objectives and initiatives for social responsibility. At the same time, we describe the direction we want to be heading in over the next year.

Our aim is to be the industry leader and set its course. This means that we as a company recognise and accept a social and environmental responsibility.

2016 was yet another eventful year rich in lessons for our work in social and environ-

mental responsibility. Over the course of the year, we have made a particular effort to implement a number of group-wide policies that we have developed since entering the UN's Global Compact. In 2017, we will continue to focus on ensuring that our policies become more deeply anchored in our business, so we can make an even greater difference for both the DLG Group and the world around us.

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's Group Management

Kristian Hundebøll (CEO)
Lars Sørensen (CFO)
Ole Christensen (COO)
Kim Balle (COO)



KRISTIAN HUNDEBØLL, KIM BALLE, LARS SØRENSEN OG OLE CHRISTENSEN

WHAT WE PROMISED IN 2016 – AND WHAT WE ACHIEVED



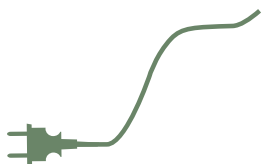
RESPONSIBLE SUPPLY CHAIN MANAGEMENT

- ✓ Continue to analyse and evaluate our value chain based on the criteria in UN's Global Compact
- ÷ Implement DLG's Code of Conduct for Suppliers in the most essential suppliers within the individual business areas of the DLG Group
- ✓ Implementation of the FEFAC soy sourcing guidelines as a basis for purchasing sustainable soy for the Danish market
- ✓ Support the Roundtable for Sustainable Palm Oil (RSPO)
- Present the FEFAC Soy Sourcing Guidelines to stakeholders and partners in Danish Agriculture & Food Council and their member companies
- ✓ Maintain focus on formulation and implementation of relevant KPIs for food product safety and quality in the group's various business areas
- 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



FOOD PRODUCT SAFETY

- ✓ 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
- ✓ Maintain focus on formulation and implementation of relevant KPIs for food 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 efficiency. Optimisation follow-up through KPI reporting
- ÷ All business units scale back their primary energy source by 2%. 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 2021"
- ÷ 5% reduction in movement factor

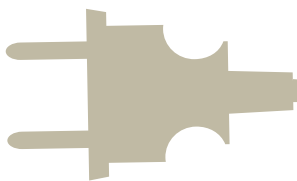


PEOPLE IN DLG

- ✓ Continue roll-out of and training of 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 when recruiting
- ✓ Increase the percentage of female managers in Denmark and Sweden to 25% 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



GOALS IN 2017



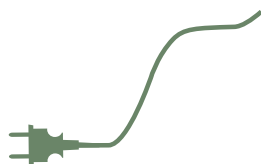
RESPONSIBLE SUPPLY CHAIN MANAGEMENT

- ! We will continue to stimulate market-driven demand for sustainable soy
- ! Continue implementation of DLG's Code of Conduct for Suppliers so that it has been presented to and accepted by DLG's suppliers in the most essential areas before the close of 2017
- ! We will document sustainability of Danish-produced rapeseed oil for energy purposes
- ! Support the Roundtable for Sustainable Palm Oil (RSPO)



FOOD PRODUCT SAFETY

- ! DLG expects to seize the possibilities for DLG Feed to be able to adhere to the new inspection possibilities of the Danish Veterinary and Food Administration through chain control and third-party certifications as part of public inspection
- ! DLG aims to actively participate in collaboration with the Danish Veterinary and Food Administration in developing an interplay between public and private inspection activities. Purpose: Best inspection for the money - efficiency and visibility of inspection



RESOURCE EFFICIENCY

- ! Ensure continuous expansion of Lean principles among all employees to ensure focus on resource optimisation
- ! 2% reduction in primary energy source consumption in all business units. Each business unit must state their primary energy sources and draw up an action plan to reach this goal
- ! Conversion of lighting to LED or another lighting technology with reduced resource consumption
- ! Continued focus on optimisation of transport. This will be achieved through reduction in the movement factor and focus on optimisation of tonnage/load and km/tonne
- ! Develop and incorporate a common policy for resource efficiency focusing on energy and environment in "Strategy 2021"



PEOPLE IN DLG

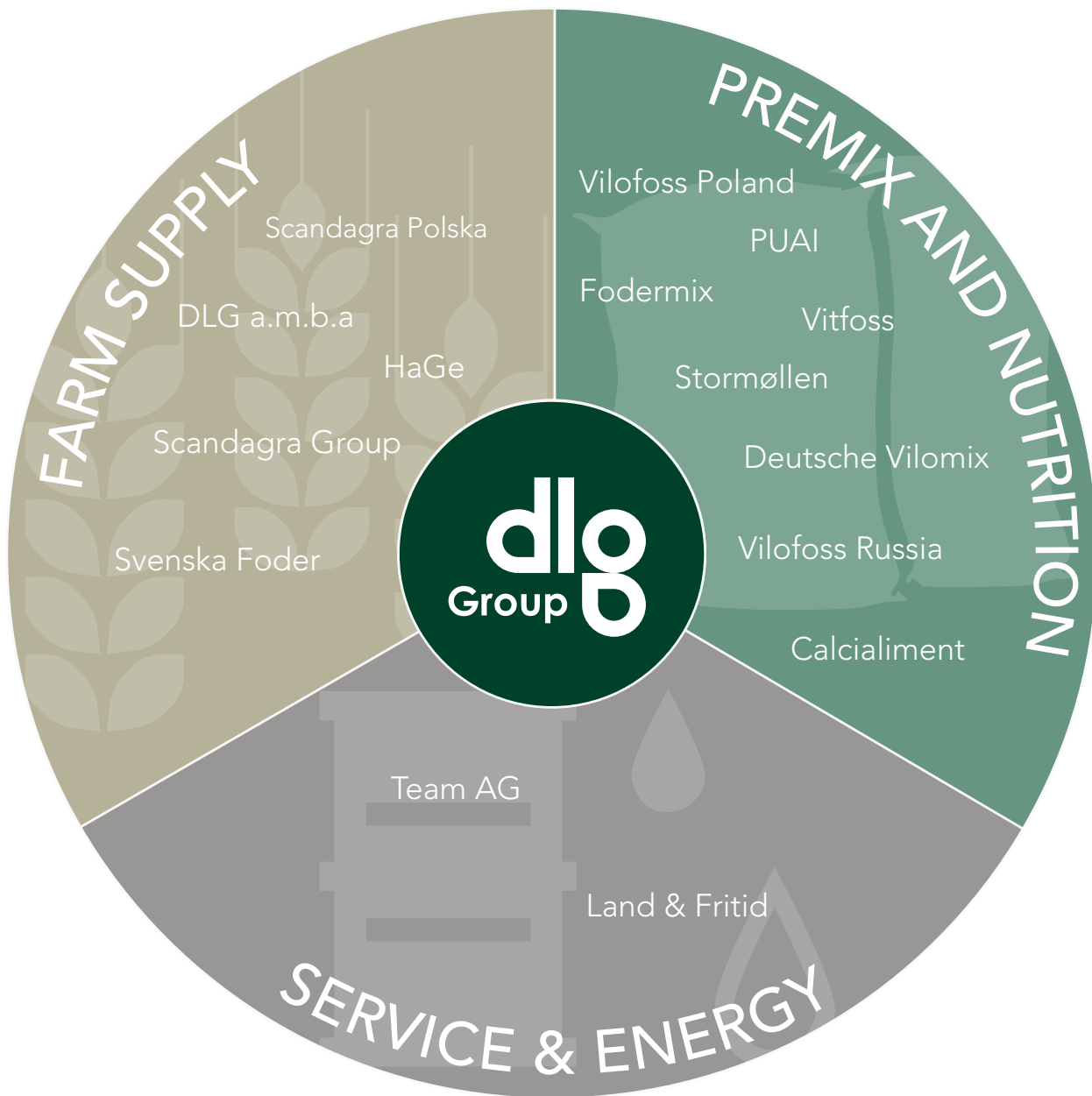
- ! Continuous inspection of the implementation of the anti-corruption policy
- ! Institute workplace evaluation for the purpose of improving the working environment
- ! Continued focus on preventive measures as part of our working environment initiatives
- ! Competence mapping of the working environment organisation
- ! Incorporation of diverse recruitment as an element in DLG's manager training
- ! Ongoing measures to increase workplace diversity at DLG
- ! Continuously work for an increased share of female managers on all levels, ensuring a pipeline to Top Management
- ! Elect a female board member by no later than 2018
- ! Continue efforts to have at least 1 woman on the list of candidates when recruiting



WHAT WE WORK FOR

- Acquiring agricultural products for members at optimal quality
- Pre-process and selling of members' commercial crops
- Supporting members with an extensive array of services and tools
- Working to the benefit of farmers by ensuring members the best possible production economy through both national and international activity

DLG's CORE BUSINESS



DLG is one of Europe's largest agricultural companies



A green tractor with a red implement is working in a field. The tractor is moving from left to right, leaving a trail of dark, tilled soil behind it. The sky is overcast with grey clouds. The overall scene is a typical agricultural landscape.

ABOUT DLG

The DLG Group is Europe's second-largest agricultural company and is a cooperative owned by Danish farmers.

Within a decade, we have gone from being a purely Danish cooperative to an international group with subsidiaries in more than 12 countries and a turnover of more than 50 bln DKK.

Today the group has 7,000 employees, including 3,000 in Denmark and 3,800 in Germany, which is the group's largest market.

DLG's three strategic business areas are Farm supply, Premix & Nutrition and Service & Energy, and the group plays a number of different roles in primary production.

DLG supplies farmers with feed from its own production facilities, along with seeds, fertiliser, agricultural limestone, crop protection, and fuel for daily operations.

The DLG Group is also one of Europe's largest exporters of malting barley, seed corn, feed and milling grain and rapeseed. DLG is also involved in the processing of vegetable crops such as rapeseed oil.

HOW WE ARE WORKING WITH CORPORATE SOCIAL RESPONSIBILITY AT DLG

At DLG we believe that our CSR initiatives produce 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.

In 2014, DLG's group management 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, employees' rights, environment and anti-corruption in the group's daily operations. We fol-

low 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 group management. 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 foodstuffs production, from farm to fork
- We are 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



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



SCOPE AND REPORTING PRINCIPLES

In this report, we present the DLG 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. The purpose of the report is to provide an accurate picture of how we handle CSR-related challenges and opportunities in such a way that we can also run a successful business in the future. Implementation of social responsibility is a task that is never finished. Integration of the CSR initiatives across the group will, therefore, remain a focus area for 2017, as it has been in previous years.

When compiling this report, we have gathered inspiration from general and recognised principles for CSR reporting.

The report has been drawn up by looking at a number of the business areas that we consider 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 2017 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 DLG's business, starting with DLG a.m.b.a. and majority-owned subsidiaries. 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.
 - DLG Service a/s
 - Vilofoss Group
 - HaGe Kiel
 - Svenska Foder AB
 - Team AG
 - Gasas Group
-

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 2017 to further elevate a systematic dialogue on sustainability and responsibility in our value chains. As a company, we generally experience increasing expectations our stakeholders 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 method of bringing this initiative to light.

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 was assigned to four cross-sectoral work groups in 2016.

- Responsible supply chain management
- Resource efficiency
- Food product safety
- Diversity and inclusion

The groups consist of representatives from all parts of the group, and its management is rooted in DLG's group management board (EXCOM). It is also the group management board that is responsible for ensuring that cross-unit and sector-specific CSR initiatives are implemented in practice. The individual business areas are responsible for translating the CSR goals into concrete action plans. The four groups reflect the CSR topics of decisive strategic importance for the DLG Group.

BUSINESS INTEGRATION

In line with DLG's three overarching principles describing our approach to CSR as strategic, significant and practical, it is of fundamental importance that CSR work effectively meshes with DLG's overarching business strategy

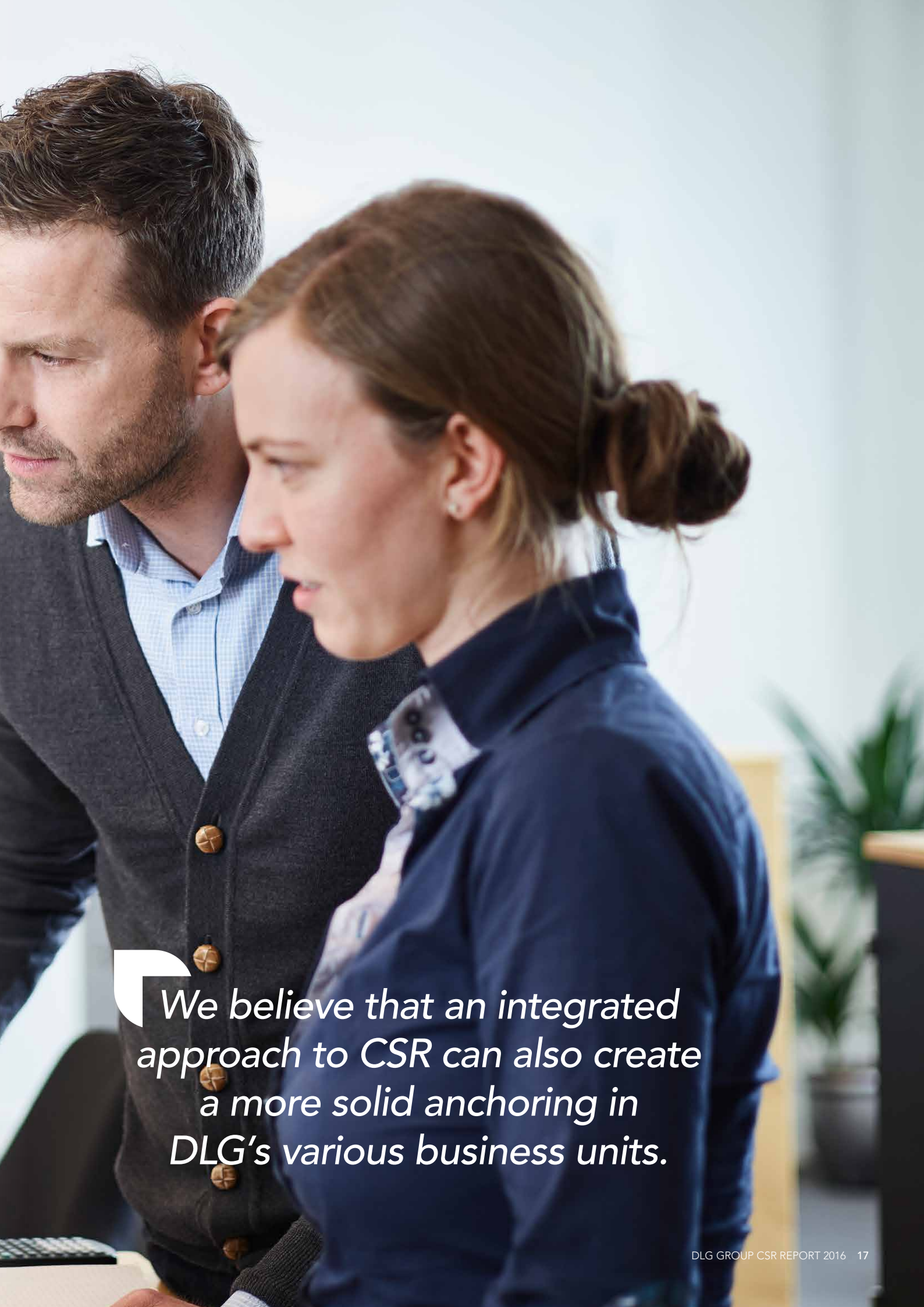
and the requirements and expectations that our stakeholders have of us. Both help ensure that the company is able to create value over the long run. It should be understood that a more integrated approach to CSR, accounting for the environmental expectations and market requirements imposed on the company, 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?

Email: information@dlg.dk



A man and a woman are shown in profile, looking towards the left. The man is wearing a dark grey cardigan over a light blue checkered shirt. The woman is wearing a dark blue button-down shirt. They appear to be in a professional setting, possibly a meeting or a presentation. The background is a bright, out-of-focus office space with a potted plant visible on the right.

 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

As a responsible agricultural 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 abroad 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.

The basis for 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 make purchases on the international market to a greater extent than before, such as from China and other counties in Asia, Eastern Europe and South America. The principles of the Global Compact concerning human rights particularly come into focus in conjunction with sourcing of raw materials from other parts of the world. These are therefore included as an important part of our Supplier Code of Conduct.

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 was to implement the new Supplier Code of Conduct with the most essential suppliers within the individual business areas in the DLG Group. The goal was partially fulfilled and is in progress, but will be carried over into 2017. The goal is for our Code of Conduct to have been presented to and accepted by DLG's suppliers in the most essential areas before the close of 2017.

PURCHASE OF RAW MATERIALS

DLG a.m.b.a's policy for purchasing of raw materials is that at least 90% 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 2016, more than 90% of our suppliers had a certified quality control system, while 75% 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 2016, ProTerra soy accounted for over 70% of Svenska Foder's total soy purchasing. The largest supplier to Svenska Foder delivers 100% GMO- and salmonella-free soy.

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%, and constitutes a major part of DLG's overall production. Through our Supplier Code of Conduct, Charter for soy suppliers and a series of visits to soy producers and suppliers in Argentina and Brazil we have sought to advance insight and understanding through direct dialogue regarding an extensive number of parameters concerning CSR stakeholders. This includes responsible relationships with neighbouring regions, environmental stewardship, good farming practice and long-term economic planning. Observance of human rights and the criteria of the Global Compact were also a key part of this dialogue.



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% 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 worked towards making the FEFAC initiative the standard in the industry, while also building awareness in customers and partners in the farming sector. Meetings have been held with all the stakeholders in the value chain, from suppliers and customers to interest organisations, etc.

Implementation in 2016 was complicated by the fact that the market for certified soy became considerably more differentiated and the needs of buyers (slaughterhouses and dairy producers) changed, particularly in relation to non-GMO versus certified soy. We are still supporting the FEFAC initiative for sustainable soy, but we want to be ready to meet whatever demand may come from the consumer's side-non-GMO, European, FEFAC soy, or other. We aim to continue to stimulate marketdriven demand for sustainable soy.

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 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, employees' 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. We will continue to work to support the RSPO in 2017.

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 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 right from primary production with handling of crops and feed for livestock. 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 product 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 whatever one's level in the food product chain, there is the risk of 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. We have been focused on formulating and implementing relevant KPIs for food product safety and quality in the group's various business areas, including through continual follow-up of quality data every three weeks and concrete actions to improve quality and quality documentation through the project 'DLG in 1st place'.

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 actively participated in 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. We have, amongst other things, collaborated under the direction of DAKOFO and SEGES for recognition of ISO 22002-6 as a basis for third-party certification of the Danish feed industry to meet demand from the German Qualität und Sicherheit.

DLG also expects to seize the possibilities for DLG Feed to be able to adhere to the new inspection possibilities of the Danish Veterinary and Food Administration through chain control and third-party certifications as part of public inspection. We aim to actively participate in collaboration with the Danish Veterinary and Food Administration in developing an interplay between public and private inspection activities.

 *As a supplier and purchaser of raw materials, crops and feed for agriculture and the food product industry, food product safety and high quality are top priorities for DLG*



RESOURCE EFFICIENCY

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 emphasis in the DLG group on becoming as energy-efficient as possible and maintaining profitability. This creates value for both the environment and our customers.

In 2016, we developed and implemented a common policy for resource efficiency with a focus on energy, environment and climate. It is part of a larger project known as 'DLG in 1st place' and will be carried on over the coming years.

The overarching goals of our resource efficiency work in 2016 were to reduce the group's movement factor by 5%, to expand the Lean principles and reduce the primary energy source of all business units by 2%.

THE MOVEMENT FACTOR

The first goal in particular proved to be a challenge in 2016 as the movement factor climbed because of an unexpectedly high level of redundant driving. This was due to a late and wet autumn and unexpectedly high volumes of crops. This outcome showed us that the agricultural sector's continued development towards larger and larger machine capacity presents demands for greater collaboration with our customers regarding correct inventory placement and increased in-house storage of crops. Seen in this light, our goals for reduction of the movement factor in 2017 have been made even more robust against externalities.

REDUCED CONSUMPTION OF PRIMARY ENERGY SOURCES

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 overarching energy goal in DLG's production for 2016 was to implement concrete projects equating to savings in the individual business units of 2% per year for the specific energy consumption type. This goal was only partly reached in 2016, including in our central German subsidiary. In the Danish segment of the agricultural products area, energy consumption increased, as a number of measures to improve the quality of our feed products required additional energy compared to 2015. However, we believe that even though a 2% reduction in primary energy source is an ambitious goal, the goal shall be carried over into 2017. All relevant business units are developing action plans to increase their energy efficiency. We will also prioritise conversion of existing lighting sources to LED or some other resource-saving technology capable of reducing resource consumption.

TRANSPORT

Reduction of fuel consumption remains the primary focus of the transport area. In 2016 we continued shifting our transport flow over towards lorries with greater capacity and better fuel economy. All EUR3 vehicles have now been phased out of our transport flow, and the goal of converting to EUR15 has thereby been reached.

We are also focusing on more environmentally friendly driving, and in 2016, we consumed 3.5 million litres of diesel

compared to 3.8 million litres in 2015. This represents a 7.8% reduction in our diesel consumption, which considerably surpasses our goal of reducing consumption by 5%.

LEAN

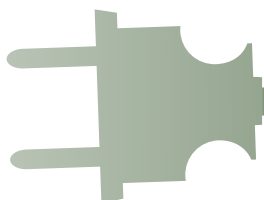
Lean is a critically important method for increased resource efficiency, and we are working diligently to roll out these tools in our production logistics and transport, partly in the form of Lean agents and training. A major initiative was made throughout the group in 2016.

Nearly 100% of the employees of our Swedish subsidiary Svenska Foder have now been trained in Lean, and 20 have been trained as Lean agents. Lean processes are continually being implemented to increase resource efficiency.

In 2017, we will continue to ensure the expansion of Lean principles among all employees in the group to ensure focus on resource optimisation.

REDUCTION OF FOOD WASTE

In conjunction with the divestment of a subsidiary, the DLG Group was left with a surplus of 90 tonnes of pickled cucumber and red cabbage that could not be sold and was thereby slated for disposal; this was then used to the benefit of vulnerable groups instead. In order to avoid food waste, DLG donated these goods to the organisation FødevarerBanken (food bank), which works to distribute surplus food and Christmas meals to the country's shelters and other kitchens serving the socially vulnerable.





*We place significant emphasis in the
DLG group on becoming as
energy-efficient as possible and
maintaining profitability*

PEOPLE IN DLG

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.



DIVERSITY

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 unintentionally infringe or impede upon 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 employee is 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.

DIVERSIFICATION STRATEGY AND GENERAL GOALS

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 overarching vision for diversity.

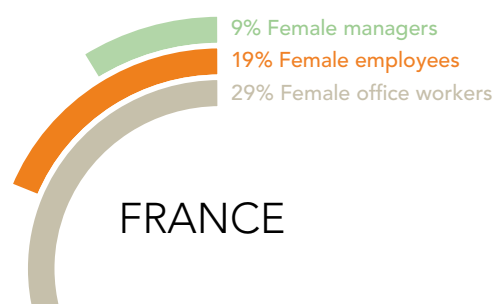
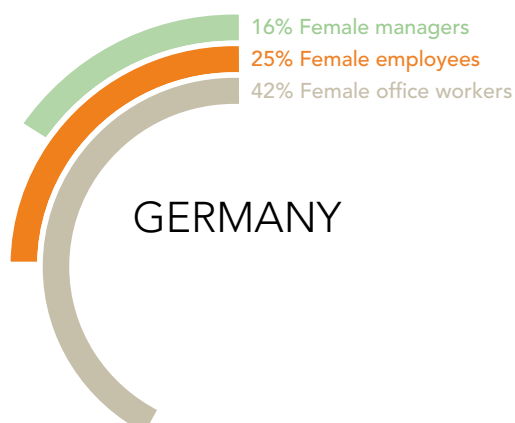
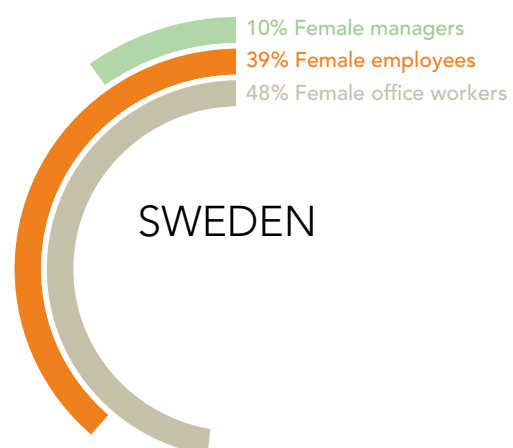
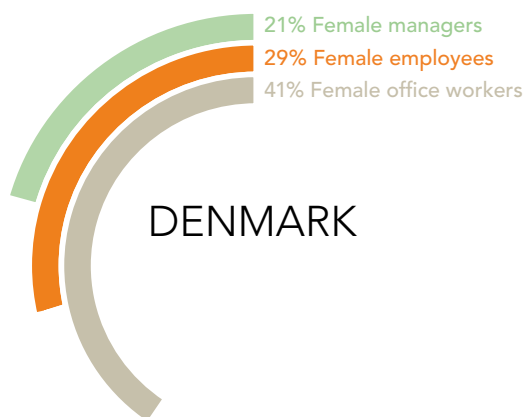
In 2016 we began implementing our diversity strategy with three overarching goals:

- 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; it worked over the course of 2016 to ensure progress and follow-up on CSR goals.

LEGALLY MANDATED REPORTING ON GENDER UNDER-REPRESENTATION IN ACCORDANCE WITH SECTION 99B OF THE FINANCIAL STATEMENTS ACT.

In 2015, we set a number of concrete goals for gender diversity. 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 white-collar workers, the gender distribution is more balanced than for all employees overall.



STATUS OF DIVERSITY GOALS FOR 2016

Elect a woman to DLG's group board by no later than 2018.

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. 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). 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 26,000 owners are women.

Ensure a pipeline of female talents by striving to maintain at least 1 woman on the list of candidates in recruiting

In 61% of the recruits in Denmark in 2016, there was at least 1 woman on the list of candidates. This is something we will continue working on in 2017. 41% of the recruited managers and specialists were women. In Germany, a major effort was made to ensure that qualified female candidates came to job interviews.

Increase the percentage of female managers in Denmark and Sweden to 25% by no later than 2018. This development should preferably be reflected in the highest levels of the group's management.

On the group level, DLG is focused on a number of different initiatives, all aiming to provide female employees the opportunity to realise their leadership potential. From 2015 to 2016, we expanded the selection of manager development courses, and systematically encouraged managers to send potential new managers to pre-management courses. Similarly, we have made it a priority to use expres-

sions promoting diversity in our employer branding, such as our job announcements. Our Swedish subsidiary has focused on explicitly gender-neutral word choices in their recruiting, and strives to ensure parity in the annual salary review process.

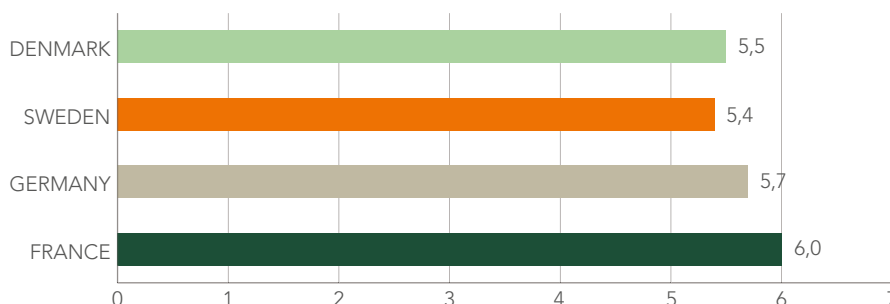
Cultivate an inclusive working environment through diversity and inclusion training of relevant managers and specialists

In 2016, we began more systematic efforts to make managers aware of the potential for bias in their recruitment. This training in recognising bias will be further formalised in 2017, and will become a central role in management courses.

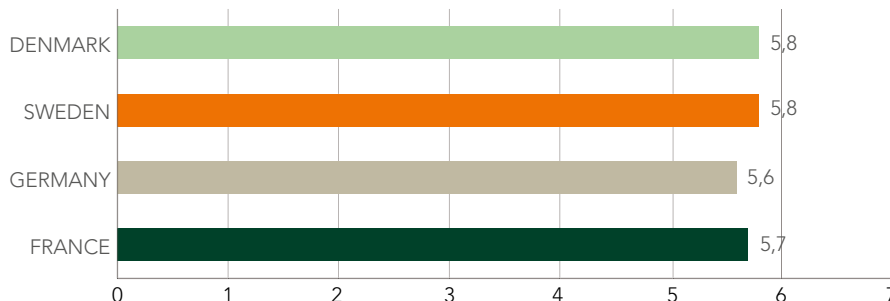
Measure and follow up on employee views on diversity in the annual employee satisfaction surveys to maintain focus on an inclusive work environment

In 2016, we began measuring employee perspective on diversity in DLG. The purpose of this was to monitor developments over an extended period. The first survey showed that employees generally perceive they work in a diverse and inclusive organisation, and that DLG reflects equal opportunities for men and women.

AS PART OF MY WORKDAY, I WORK TOGETHER WITH COLLEAGUES OF VARIOUS AGES, GENDERS, ETHNICITIES, AND BACKGROUNDS.



AT DLG, EVERYONE HAS THE SAME OPPORTUNITIES FOR DEVELOPMENT REGARDLESS OF SEX, AGE OR BACKGROUND.



On a scale 1-7, 7 is best

WORKING ENVIRONMENT

DLG has 7,000 employees, all of whom help make it possible for us to run a successful and effective business. Employees who are trustworthy, valuecreating 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 achieve this through preventative measures and information pertaining to work safety, working environment and health.

The goal for 2016 was the implementation of working environment initiatives in DLG and measures to promote awareness of these. We sought to fulfil this through a number of concrete actions:

- Election to the working environment organisation
- DLG's working environment training, which provided intensive instruction regarding DLG's working environment
- Focus on rounds, so that all departments are visited by a representative at least once a year
- Intensive work to evaluate and respond to action plans in iapv.dk, as a preparation for the 2017 Workplace Evaluation.

WORKPLACE ACCIDENTS

Through our working environment initiative, we have succeeded in significantly reducing the number of workplace accidents in 2016 compared to 2015. At the same time, the length of medical leave periods resulting from these has also been reduced.

DLG is continuously working to improve the working environment for the sake of our employees and to live up to governmental rules in the area - a task that on a day to day basis is largely fulfilled through having an effective working environment organisation. Workplace accidents in 2016 were successfully reduced to zero in our Swedish subsidiary Svenska Foder. This is a very positive situation, and proof that targeted and serious effort pays off.

WORKING ENVIRONMENT ORGANISATION

In 2016, DLG held an election for the working environment organisation. All employees are represented by a work environment representative, who on a local level is included in a work environment group together with a supervisor. The working environment group addresses many aspects in safety, health and well-being, but always maintains focus on prevention of accidents and handling of accidents in cases where they might occur.

INCIDENTS (NEAR-ACCIDENTS)

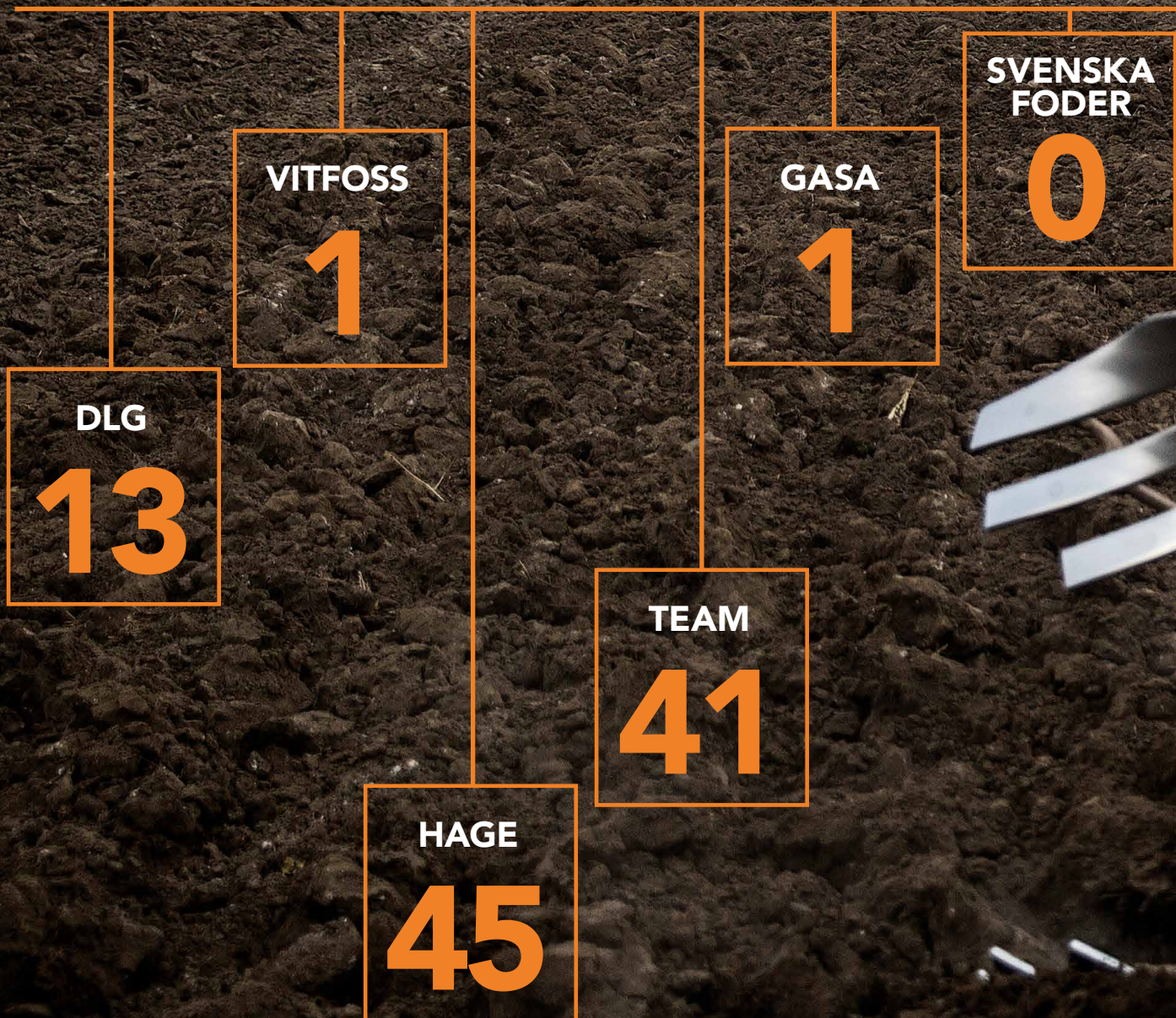
In DLG, we take a positive view of an increase in the number of registered incidents. We are convinced that through a more systematic documentation of incidents/near-accidents and lessons learned from these, we will be able to prevent many workplace accidents. In mid-2016, we developed a system for the registration of incidents that is accessible to everyone online. This has meant a significant increase in the number of registrations, both by functional area and geographical area. Knowledge sharing is an important aspect in prevention work,

and this new tool makes the data available to everybody. In 2016, 45 incidents (near accidents) were registered, compared to 18 in 2015.



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WORKPLACE ACCIDENTS





EXPANDED WORKING ENVIRONMENT INITIATIVES

We are continuously working to strengthen group-wide working environment cooperation across national borders and companies. The employee satisfaction survey from 2016 shows robust satisfaction and engagement in the group's employees, who as a whole fall solidly above the average on the Danish labour market. Employees also express having suitable conditions to complete their tasks in a safe and productive manner. This indicates that the general working environment in the DLG group is doing well.

With additional focus on coordination efforts, we will be able to inspire one another to raise this level generally over the next few years.

In the annual working environment review in DLG, the following focus areas were defined for 2017:

- Workplace evaluation
- Rounds

DLG will conduct an evaluation of all employees' workplaces in 2017. The aim of this is to increase well-being and create a better working environment. The workplace evaluation can help DLG map problems in the working environment and prioritise problems and solutions.

Rounds constitute an important element in preventative work. Rounds are a means of monitoring and inspecting conditions in the working environment, and can, for example, culminate in registration of an incident and/or action plan. In DLG, we have the policy that all locations where employees are present must undergo an inspection round by a working environment representative at least once a year. The same applies for DLG's tankers and pickups.

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"*.

Corruption is not acceptable at 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. Recognising

this, DLG has its own anti-corruption policy.


The policy describes the DLG 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 and once again in 2016, this initiative focused on rolling out the anti-corruption policy throughout the entire group and establishing anti-corruption procedures in our internal audits. All relevant employees have undergone an online course in anti-corruption, and have pledged in writing to adhere to these principles. In 2017 we will continue working to expand the institution of this policy, specifically: To conduct a risk assessment of the group in this area for the purpose of a focused review.



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The DLG Group is one of Europe's largest agricultural companies.

We create value for our owners and customers as the preferred business partner of the farming sector.

We will set the course for Europe's leading agricultural companies.

We wish to be an indispensable part of the world's most important industry.

The group is bound by our core values. We are trustworthy, value creating and ambitious in everything we do

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