



# UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2016





## ABOUT THE DANISH AGRO GROUP

Danish Agro is an international agricultural group, with 5,000 employees in 16 countries, mainly in Scandinavia and the Baltic Region.

All the policies referred to in this report have been adopted by the group, and as such apply to all subsidiaries.

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.



## SUSTAINABILITY - AN INTEGRATED PART OF OUR BUSINESS

Care for the environment, society and economy is fundamental to Danish Agro.

Sustainable development of society is dependent on productive, competitive and efficient business. We believe that contributing to that is the only responsible thing to do.

This is Danish Agro's third Communication on Progress report and acts as the group's mandatory report on social responsibility.

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.

With regard to climate and the environment, we focus on making as little impact as possible. We worked on defining the framework for a climate partnership agreement with our Danish energy supplier, DONG Energy A/S during 2016, an agreement that was signed in January this year.

We undertook to reduce our energy consumption by 20% by 2021. We want this partnership to act as a template for similar projects throughout the rest of the group.

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 focused even more on our trainee programme in 2016, 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.

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 this year.



  
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.

## 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.

## 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's Supervisory Board worked on applying the recommendations of the Committee for Good Corporate Governance, dated 6 May 2013, in 2016.

'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 worked proactively to identify and upgrade its existing competences.

We also worked on quantifying targets and policies for gender equality fulfilment within the management team, and reporting for the same. We operate within a male-dominated industry and we are a relatively male-dominated business.

In practice, that makes it difficult to attract women to board and management positions within the agribusiness industry.

Nine members were elected to the current Supervisory Board, all of them men. Danish Agro believes in diversity - including gender equality for the Supervisory Board.

Diversity has to be prioritised, but not at the expense of competence. The Supervisory Board therefore believes that it will be an ambitious yet realistic target to increase the current female representation on the board to 15%, corresponding to one person, by the annual general meeting (AGM) in 2018.

The board believes this to be an ambitious but realistic target, given the gender breakdown on the boards of comparable businesses.



This target will require Danish Agro being able to attract a higher proportion of women to the board than that represented by self-employed female farmers in 2016. If not, the target will not be reached.

This is primarily due to a process already started to identify the right candidate, able to supplement the existing competences of the board. The process will continue throughout 2017.

The Supervisory Board will actively strive to ensure that female candidates are appointed to the board to a greater degree than previously, and the group supports diversity in the farming and food industries generally.

After the AGM in 2018, new targets for female membership of the Danish Agro Supervisory Board will be set.

The target will only concern those board members elected by the AGM and regions. The board members elected by the employees are not included.

The composition of subsidiary company boards is based on group considerations for maximum support for group strategy.

That's why they are often composed of members of group management in Danish Agro a.m.b.a. plus representatives from the ultimate owners.

We have also worked proactively towards our goal of appointing more women within management and a policy for the management team has been finalised.

It is designed to improve representation of the minority gender within the management of the Danish Agro group in line with Section 139a, subsection 1 (2) of the Companies Act.

Danish Agro's current gender ratio in management positions is as follows:

- |                                    |      |
|------------------------------------|------|
| 1. Group executive board           | 0 %  |
| 2. Group management, incl. staff   | 0 %  |
| 3. Company management within group | 19 % |

The activities below have been implemented to increase the proportion of the minority gender in management jobs:

- Ensure that Danish Agro's personnel policies promote gender equality within all career opportunities, including for employment procedures and recruitment.
- Ensure that there are male and female candidates whenever possible for internal and external management recruitment
- Ensure that internal training and personal development are designed for the development of female talent in line with male



# 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.

## 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.



## 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.

The group HR function was upgraded in 2016 with the recruitment of a new Group HR Manager. A process has now been started to strengthen management within the group through training, workshops, etc.

The aim is to strengthen commercial activities and improve the quality of the group's management with regard to change management, communication and personnel management.

We focused in 2016 on the group's trainee programme, aimed at young people with an agricultural background interested in selling to the wholesale sector.

The first five trainees started in September 2015, and are doing really well. A further three trainees started in the autumn of 2016.

We want the eight trainees to undertake a customised course focusing on either pigs, cattle, plant breeding, poultry or logistics, 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.

We are working on developing and implementing a group trainee programme to coordinate the efforts made to bring in trainees across all our subsidiaries.

In the future, they will be linked directly to subsidiaries based on the needs those companies have, and every subsidiary in every country will follow the same trainee guidelines.

That will increase value for the individual companies and their trainees, who will be able, for example, to follow programmes or even employment throughout the group.





DONG ENERGY

**CLIMATE  
PARTNER**



# ENVIRONMENT AND CLIMATE

## 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.

## 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.

## 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 started a major project in 2015 on improving its energy efficiency designed to gather details of the group's energy supplies through to the spring of 2016, and to find ways of optimising and streamlining consumption to the benefit of the environment and our overheads.

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

It was expanded at the end of the year, by incorporating it into a climate partnership agreement with Danish energy provider DONG Energy A/S.

The agreement commits Danish Agro to reducing energy consumption in Denmark by 20% by 2021 compared to 2015.

As part of the agreement, DONG will provide consultancy and implementation of energy-efficiency measures, whilst we have undertaken to buy a certain amount of electricity from sustainable sources.

The group consumed 66,830 MWH of electricity in 2015, most of which was used at eight sites where feed production, drying facilities etc. are located.

These are the locations which will be focused upon, where we implement measures within heat recycling, ventilation automation, more climate-friendly lighting, replace oil-fired boilers etc.

Danish Agro will report progress as part of its annual reports in future. Denmark is the pilot country within this field, and we plan to expand the project to group members in other countries.

Within transport, Danish Agro has bought 16 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. 73 out of 101 trucks in Danish Agro's fleet are now 7 axle, and we plan to phase out the 6 axle models progressively.

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 focuses strongly on food safety and quality through consistent quality management.

We were the first in Denmark to be certified according to the German non-GM certification VLOG, which stands for "Verband Lebensmittel ohne Gentechnik" in December 2016.

The standard ensures full control of the processes involved in production of non-GM feeds, a form of production we started in the autumn of 2016.

Apart from improving production safety and quality, the new certification also means a number of benefits to farmers who have agreed to take non-GM feeds from Danish Agro. For example: reference samples of the feed no longer have to be taken at the farm upon delivery.

Farmers can also achieve a lower risk status with their dairy much easier. All-in-all, it means smoother processes and less bureaucracy.

Our seven feed factories in Denmark were also the first in the world to be certified according to the new global ISO standard focusing on feed and animal food safety in May 2016.

The new standard with its technical name 'ISO/TS 22002-6' is designed to make it even safer for consumers to buy and use feeds and animal food products.

Certification means that we have to set up, implement and maintain control programmes designed to protect animal food.

The standard is a valuable tool in our efforts to continuously document high levels of feed and animal food products, and is the official ISO standard in over 160 countries.



# 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.

## 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 all applicable laws and adopt a proactive approach to the principles of sustainability in the UN Global Compact.

## ACTIVITIES AND RESULTS

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.

All group managers sign a declaration that they will abide by our internal competition rules as part of their contract of employment. Information on the rules is also circulated regularly internally.

No breaches of competition legislation were recorded amongst group members in 2016, which we regard as very positive.

Danish Agro will not accept unethical business practices.



DONG ENERGY

**CLIMATE  
PARTNER**

**Danish Agro a.m.b.a.**

Køgevej 55  
DK-4653 Karise  
Tlf. +45 7215 8000

[mail@danishagro.dk](mailto:mail@danishagro.dk)  
[www.danishagro.dk](http://www.danishagro.dk)

