



DLG GROUP CSR REPORT 2017



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**We wish to take the lead and
set the course for the industry**

” ”

FOREWORD

Welcome to the DLG Group's CSR report for 2017

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 for the first stage of food production. Together with our energy business, this gives us a central position in the Danish and European agricultural and food cluster. We wish to take the lead and set the course for the industry. This means that as a company we recognise and accept social and environmental responsibility.

DLG is convinced that a company's work with social responsibility must be measured by its concrete actions. As a consequence, in 2012 we adopted the UN Global Compact, an international initiative with ten principles focused on corporate sustainability. As part of the Global Compact, DLG is working to implement the principles for human rights, labour rights, the environment and anti-corruption in the day-to-day operations of the Group. We are committed to actively communicating the Group's CSR activities and results in an annual progress report – a Communication on Progress (COP).

This is our COP, in which we publish our goals and initiatives for social responsibility. We also describe how we wish to develop in the course of the next year.

We are pleased and proud to confirm our continued support for the UN Global Compact.

DLG'S EXECUTIVE BOARD



COO
Ole Christensen



CEO
Kristian Hundebøll



CFO
Lars Sørensen

WHAT WE PROMISED IN 2017 – AND WHAT WE ACHIEVED



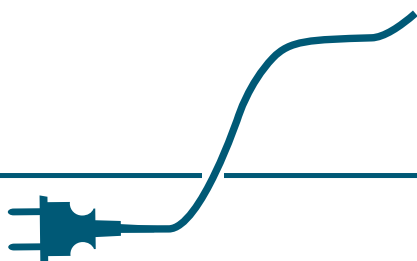
FOOD PRODUCT SAFETY

- √ DLG expects to use the opportunities for DLG Feed to register for the Danish Veterinary and Food Administration's new inspection system based on chain control and third-party certifications as part of public inspection
- √ DLG will participate actively in the cooperation with the Danish Veterinary and Food Administration on the development of the interaction between public and private inspection activities
Purpose: Best possible inspection – effectiveness and transparency in inspection



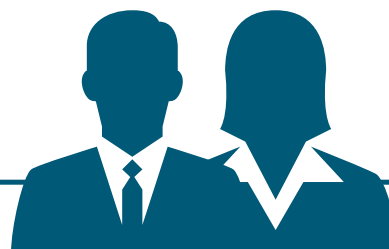
RESPONSIBLE SUPPLY CHAIN MANAGEMENT

- √ Continue to stimulate market-driven demand for sustainable soya
- ÷ Continue the work to implement DLG's Code of Conduct for Suppliers, so that before the end of 2017 it has been presented to and accepted by DLG's suppliers within the most significant areas
- ≈ Document the sustainability of Danish-produced rapeseed for energy purposes
- √ Support the 'Roundtable on Sustainable Palm Oil' (RSPO)



RESOURCE EFFICIENCY

- ≈ Ensure the continued dissemination of LEAN principles among all employees, to ensure focus on resource efficiency
- ÷ All business units to scale back their primary energy source by 2% Each business unit must specify their primary energy sources and prepare an action plan to achieve the target
- √ Change lighting to LED sources or other resource-saving lighting
- ÷ Continued focus on optimising transport. This can be achieved by reducing the movement factor, with focus on optimising tonnes/load and km/tonnes
- ÷ Further develop and incorporate the common policy for resource efficiency, with focus on energy and the environment in 'Strategy 2020'

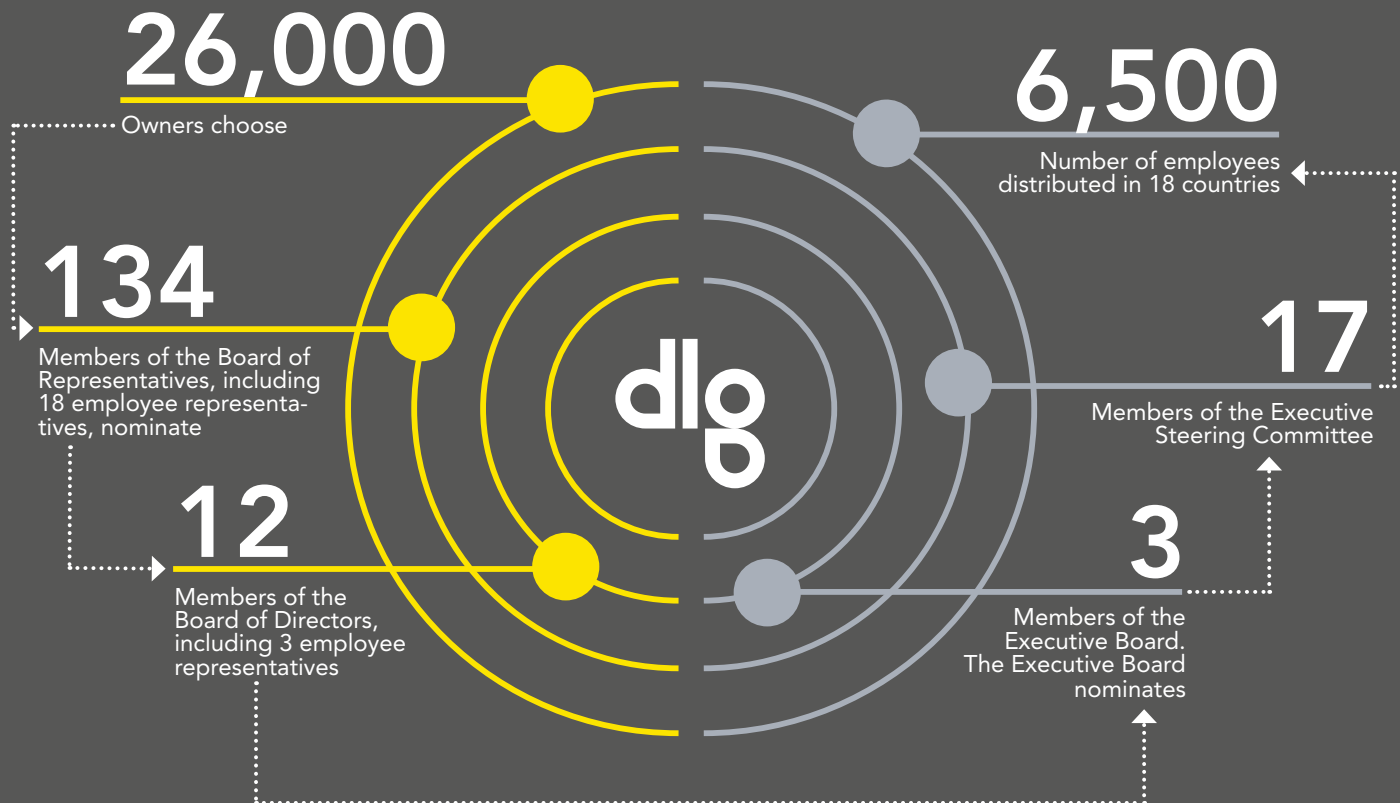


PEOPLE IN DLG

- ≈ Ongoing control of the implementation of the anti-corruption policy
- √ Launch of workplace evaluation aimed at improving the working environment
- √ Continued focus on preventive work in the working environment
- √ Competence mapping of the OSH organisation
- √ Ongoing measures to increase workplace diversity in DLG
- √ Training of managers in diversity in recruitment as part of DLG's management training
- ≈ Working persistently to increase the proportion of female managers at all levels, thereby ensuring an internal pipeline to the top management levels
- ≈ Election of a female member of DLG's Board of Directors
- √ Continue efforts to have at least one woman on the list of candidates for every recruitment

ABOUT DLG

DLG IS A COOPERATIVE – OWNED BY DANISH FARMERS



WE WORK FOR:

- Acquiring agricultural products of optimum quality for our members
- Processing and selling members' commercial crops
- Working for the benefit of farmers by ensuring members the best possible production economy through both national and international activities
- Supporting members with an extensive array of services and tools

DLG'S CORE BUSINESS

49

BLN DKK
REVENUE (2016)



FARM SUPPLY

65%

dlg

SCANDAGRA

SVENSKA
FODER



SCANDAGRA
POLSKA

DanHatch
DENMARK

Sejet
planteforædling

DANEG
INSPIRERENDE ENKELT

HaGe
Ihr Partner vor Ort

VITAMINS & MINERALS

10%



Vitfoss

VILOFOSS®
POLAND

fodermix
part of VILOFOSS®

VILOFOSS®
RUSSIA



普爱 PUA I

CALCIALIMENT
part of

VILOFOSS®

DEUTSCHE VILOMIX
TIERERNÄHRUNG GMBH

SERVICE & ENERGY

25%



DCC
energi

team
bau • energie

Land & Fritid



**CROP
CULTIVATION**

**SERVICE
& ENERGY**

**ANIMAL
NUTRITION**

**PRODUCTION
& LOGISTICS**

WORLD MARKET

**VEGETABLE
PRODUCTS &
CROPS**

ABOUT DLG

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

Within 15 years, we have developed from a Danish cooperative into an international Group with companies in more than 18 countries and turnover of almost DKK 49 billion. Today, the Group has 6,500 employees, of whom 3,800 in Germany, which is the Group's largest market.

As a Group, we have many different roles. DLG supplies farmers with feed from its own production facilities, together with seed, fertiliser, agricultural limestone, crop protection and fuel for day-to-day operations. The DLG Group is also one of Europe's largest exporters of malting barley, seed corn, feed and milling grain, and rapeseed. Via the Group's affiliated companies and subsidiaries, DLG is also involved in the processing of vegetable crops, such as rapeseed oil.



HOW WE WORK WITH **CSR** AT DLG



DLG'S CSR POLICY

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.

DLG SUPPORTS THE UN GLOBAL COMPACT

DLG adopted the UN Global Compact in 2012. Since then, DLG has focused on creating the internal framework necessary to create value from working with the ten principles of the Global Compact. 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 UN Global Compact, DLG's core values and our fundamental approach to social responsibility, namely that the initiative must be strategic, significant and practical.

DLG is committed to following the ten principles for corporate sustainability in the UN Global Compact and fully supports the UN Guiding Principles on Business and Human Rights.



DLG is committed to following the ten principles for corporate responsibility in the UN Global Compact and fully supports the UN Guiding Principles on Business and Human Rights. As part of this initiative, DLG is working to implement the principles concerning human rights, employees' rights, the environment and anti-corruption in the day-to-day operations of the Group. We comply with all relevant legislation and regulations in the countries in which we operate. We are dedicated to an open dialogue on CSR issues with our stakeholders.

Our CSR Policy will be evaluated and revised by DLG's Group Management in 2018. This will take place on the basis of a new risk assessment, just as we will include recent developments such as the UN Sustainable Development Goals and the UK Modern Slavery Act.

As a consequence of our commitment to working strategically with CSR, DLG does not perceive donations to be part of our CSR work.

We always strive to ensure the highest quality and safety in our agricultural products and food-stuffs production, from farm to fork.

We are ambitious in ensuring responsible value chain management and protecting the Group's reputation.

We seek to reduce DLG's energy consumption, minimise our emissions to the environment and generally lower our environmental impact.

We do not accept corruption in any form, including – but not limited to – bribery, extortion, facilitation payments or nepotism.

We strive to maintain safe working conditions and a sound working environment, and to create good development opportunities for our employees and business partners.

We respect internationally recognised human rights, and continuously assess our business to identify instances that can adversely affect these rights.

THE **10** PRINCIPLES OF THE UN GLOBAL COMPACT AT DLG

1

The company should support and respect the protection of internationally declared human rights – An integrated element of DLG's Supplier Code of Conduct and our internal DLG Code of Conduct

2

The company should ensure that it does not contribute to violations of human rights – An integrated element of DLG's Supplier Code of Conduct and our internal DLG Code of Conduct

3

The company should uphold the right to organise and effectively recognise the right to collective bargaining – An integrated element of DLG's Supplier Code of Conduct and our own occupational health and safety work

4

The company should support the elimination of all types of forced labour – An integrated element of DLG's Supplier Code of Conduct

5

The company should support effective elimination of child labour – An integrated element of DLG's Supplier Code of Conduct

6

The company should eliminate discrimination with respect to working and employment conditions – An integrated element of DLG's Supplier Code of Conduct, our diversity programme and our internal DLG Code of Conduct

7

The company should support a precautionary approach to environmental challenges – An integrated element of our resource efficiency initiatives and Supplier Code of Conduct

8

The company should take the initiative to promote greater environmental responsibility – An integrated element of our resource efficiency initiatives and Supplier Code of Conduct

9

The company should encourage the development and dissemination of environmentally friendly technologies – An integrated element of our resource efficiency initiatives and Supplier Code of Conduct

10

The company should fight all forms of corruption, including extortion and bribery – An integrated element of DLG's anti-corruption programme, our compliance programme and our internal DLG Code of Conduct

DLG AND THE UN SUSTAINABLE DEVELOPMENT GOALS

As part of the forthcoming revision of DLG's CSR Policy, we will incorporate the UN Sustainable Development Goals into an overall framework for our sustainability initiatives. Five of the 17 goals are particularly relevant for the DLG Group, and they will be further integrated into our business during the coming years.



SCOPE AND REPORTING PRINCIPLES

The report has been drawn up by considering a number of the business areas that we consider to be the most significant for our business, our stakeholders and for our industry, on the basis of the Global Compact principles and risk assessments so far. In 2018, we will continue to work on developing common accounting principles for CSR data for use in the report, including data on energy, employees and supply chain management, etc. We will develop new KPIs and policies that ensure full compliance with the increased requirements laid down in the Danish Financial Statements Act. The report covers DLG's business, which in principle means 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 THAT ARE IN PARTICULAR FOCUS IN THIS REPORT

DLG a.m.b.a.

DLG Service a/s

Vilofoss Group

HaGe Kiel

Svenska Foder AB

Team AG

DLG'S CSR ORGANISATION

The managerial responsibility for DLG's work with social responsibility is anchored in the Group's Executive Board. A CSR coordinator has been appointed, who is responsible for coordinating cross-sectoral activities, internal and external communication, and Global Compact reporting. The work of preparing goals, action plans and reporting was assigned to a number of cross-sectoral work groups in 2017. The groups consist of representatives from all parts of the Group, subject to the management responsibility of DLG's Executive Steering Committee (EXCOM). The Executive Steering Committee is also responsible for implementing the cross-sectoral and sector-specific CSR initiatives in practice. The individual business units are responsible for implementing the CSR goals in concrete action plans. In conjunction with the forthcoming risk assessment and revision of the CSR policy, we will also reassess the Group's CSR organisation.



COMMENTS OR QUESTIONS?

WRITE TO: INFORMATION@DLG.DK



RESPONSIBLE COMPANY



GOALS FOR 2018

- CONTINUOUSLY DISSEMINATE DLG'S CODE OF CONDUCT AMONG EMPLOYEES AND OWNERS
 - IMPLEMENT A PLATFORM FOR EFFECTIVE SHARING OF INTERNAL POLICIES AND BEST PRACTICES ACROSS THE GROUP
 - STANDARDISE INTERNAL BUSINESS PROCESSES/PROCEDURES TO ACHIEVE A BETTER OVERVIEW AND AN ENHANCED CONTROL ENVIRONMENT
 - BE SYSTEMATICALLY AWARE OF UNUSUAL COMPANIES AND OFFERS WITHIN THE TRADING AREA, WHICH MAY INDICATE ACTIVITIES IN CONFLICT WITH CURRENT LEGISLATION
 - ANCHOR DLG'S SUPPLIER CODE OF CONDUCT (SCC) WITH ALL SIGNIFICANT PROCUREMENT OFFICERS IN DLG
 - OBJECTIVE FOR MINIMUM 25% OF DLG'S SIGNIFICANT SUPPLIERS TO SIGN SCC
-

DLG'S CORE VALUES

DLG's core values are to be trustworthy, value-creating and ambitious. We wish to take the lead and show the way. Integrity is important and we must be reliable. We therefore seek to live by our values by running a responsible and sound company on a day-to-day basis. The DLG Group has adopted ambitious standards for good ethical conduct and business activities. Everything that we say and do – whatever our markets – must be based on accountability and respect for colleagues, customers, suppliers and business partners. DLG complies with all applicable acts, regulations and provisions in the countries in which we operate. No employee or owner of DLG may assist third parties in unlawful activities.

Everything that we say and do – whatever our markets – must be based on accountability and respect for colleagues, customers and business partners.



NEW DLG CODE OF CONDUCT FOR EMPLOYEES AND OWNERS

In March 2017, DLG's Code of Conduct was adopted by the Group Management, after which implementation in the organisation commenced. This work will continue in 2018. Our Code of Conduct is based on the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the DLG Group's three core values. The fundamental philosophy is that, in a market-leading company like DLG, we must also be able to set particularly high requirements for our employees. We call our Code of Conduct 'How we are' because we wish to take the lead – every single day. We will live up to the responsibility, commitment and privilege of being a front-runner in our industry.

DLG AND THE UK **MODERN** SLAVERY ACT

THE DLG GROUP SUPPORTS THE UK MODERN SLAVERY ACT OF 2015 AND ITS AIM TO ERADICATE FORCED LABOUR AND TRAFFICKING. AS PART OF THE FORTHCOMING REVISION OF OUR CSR POLICY AND RISK ASSESSMENT, WE WILL FURTHER ANALYSE OUR VALUE CHAINS IN ORDER TO ENSURE FULL COMPLIANCE WITH HUMAN RIGHTS AND ANTI-SLAVERY INITIATIVES.



ANTI-CORRUPTION AND THE PREVENTION OF FRAUD

In 2015, DLG introduced an ambitious anti-corruption policy and in the following years we have made a targeted effort to implement and monitor compliance with this policy.

Corruption is not acceptable at DLG. It is not part of our way of doing business, and we take the view that our employees should neither practice nor accept corruption. This position is underlined by our adoption of the UN Global Compact, which encourages companies to 'work against corruption in all its forms, including extortion and bribery'.

DLG's anti-corruption policy describes the DLG Group's position on corruption and how corruption is avoided in the DLG Group, while providing comprehensive guidelines for how DLG employees should act with respect to corruption. The policy also describes how DLG employees should act in situations where doubt may arise as to whether the purpose bears any characteristics of bribery or corruption.

In 2015 and 2016, this initiative was focused on rolling out the anti-corruption policy throughout the Group

and establishing anti-corruption processes in our internal auditing. All relevant employees took an online course in anti-corruption, and have made a written pledge to comply with our policy.

In 2017, we continued to disseminate this policy, and in particular: to carry out risk assessments and to monitor compliance. Even more employees took the e-learning course in anti-corruption, and we have updated our internal procedures to counter the risk of fraud.

In 2018 we will continue to strengthen our set-up in this area. In the first instance, this concerns implementing a platform for the effective sharing of internal policies and best practices across the Group. The work is also continuing to standardise internal business processes/procedures in order to achieve a better overview and an enhanced control environment. Finally, we will be systematically aware of unusual companies and offers within the trading area, which may indicate activities in conflict with current legislation.

DLG'S POSITION ON CORRUPTION

In the DLG Group, we do not accept corruption in any of its forms, including, but not limited to, bribery, extortion, facilitation payments or nepotism in any of the Group's business activities or relations.

DLG employees do not offer, provide or receive gifts or payments that may be considered as bribes. We do not offer, provide or receive personal gifts, services, travel, entertainment or other benefits of significant value to or from DLG's suppliers or business partners.

We are aware of potential conflicts of interest in our business, and expect our employees to ensure that their personal interests are not in conflict with the interests of the DLG Group.

DLG does not accept any form of insider trading.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

As a responsible agricultural and food Group, at DLG we wish to have tight control of our value chains. This concerns strengthening the Group's control of the risks associated with working with an increasingly more complex and international supply chain.

The foundation for this work is the Group's Supplier Code of Conduct from 2015 and achieving an overview of, and procedures for, handling the Group's many suppliers. For example, to a greater extent than before, we source products from abroad, including China and the rest of Asia, Eastern Europe and South America. The principles of the Global Compact concerning human rights are in particular focus in connection with the sourcing of raw materials from other parts of the world. They are therefore an important aspect of our Supplier Code of Conduct.

THE DLG GROUP'S SUPPLIER CODE OF CONDUCT

This describes the requirements we make of our suppliers. The requirements stem from our CSR Policy and the sustainability criteria of the UN Global Compact. The goal in 2017 was to implement and control compliance with the new Supplier Code

of Conduct by the most significant suppliers within the individual business areas of the DLG Group. The goal has partly been achieved and the process is ongoing, but will be continued in 2018. The goal is that, before the end of 2018, our Supplier Code of Conduct has been incorporated by all of the Group's procurement officers, and that at least 25% of DLG's significant suppliers have accepted and signed the Supplier Code of Conduct.

SOURCING OF RAW MATERIALS

DLG a.m.b.a.'s policy for purchase of raw materials is that at least 90% of our suppliers must have a certified quality management system in place which covers the raw materials that DLG purchases. As high a proportion as possible must be certified in accordance with GMP (Good Manufacturing Practice). In 2018, more than 90% of our suppliers had a certified quality management system, while 75% of the raw materials were GMP-certified.

Svenska Foder, the Group's Swedish agricultural products supplier, also purchases with a focus on fulfilling the requirements set by the Pro-Terra certification system. This is a non-GMO standard and includes ag-

ricultural practice, use of chemicals, energy consumption, working conditions and respect for local residents and indigenous peoples. In 2018, Pro-Terra soya accounted for over 70% of Svenska Foder's total soya purchases. The largest supplier to Svenska Foder delivers 100% GMO- and salmonella-free soya.

DLG AND SOYA

DLG accounts for around half of Denmark's purchase of soya meal. Most of the soya meal is used for pig feed. Soya is a key ingredient in feed production, at approximately 15-20%, and accounts for a large share of DLG's overall production. Through our supplier Code of Conduct, our Charter for Soya Suppliers, and a series of visits to soya producers and suppliers in Argentina and Brazil, we have sought insight into, an understanding of and direct dialogue concerning a wide range of CSR-related parameters. This includes responsible relationships with neighbouring regions, environmental responsibility, good farming practice and long-term economic planning. Observance of human rights and the Global Compact's criteria are a key aspect of this dialogue.



DLG'S CHARTER FOR SOYA SUPPLIERS

- **THE SUPPLIER MUST BE A MEMBER OF THE GLOBAL COMPACT**
- **THE SUPPLIER DOES NOT ACCEPT CHILD LABOUR**
- **THE SUPPLIER MUST RECOGNISE THE EMPLOYEES' RIGHT TO ORGANISE**
- **RAW MATERIALS FROM RAINFOREST AREAS FELLED AFTER 24 JULY 2006 ARE NOT ACCEPTED**
- **THE SUPPLIER MUST HAVE A POLICY FOR THE USE OF PESTICIDES TO TAKE PLACE IN ACCORDANCE WITH LOCAL LEGISLATION AND THE STOCKHOLM AND ROTTERDAM CONVENTIONS**

Together with a number of food producers such as Arla and Danish Crown, DLG is committed to solely purchasing sustainably-produced soya meal. The soya fulfils a large number of production requirements, including environmental sustainability, no use of child labour and no use of pesticides in production. Concerning all of our purchases of soya, we also require suppliers to comply with our own charter and Supplier Code of Conduct, which has a number of elements, with adherence to the Global Compact as one of the requirements. We are in continuous dialogue with our suppliers concerning responsibility and sustainability in soya production, just as we participate in the public debate on this subject.

In addition, via the European Feed Manufacturers' Federation, FEFAC, which organises feed companies in Europe, DLG is a member of the 'Roundtable for Responsible Soy' (RTRS). In 2015, DLG also played a prominent role in the development of FEFAC's 'Soy Sourcing Guidelines', which will serve as a basis for purchasing sustainably produced soya in Europe. In 2016 and 2017, we worked for the FEFAC initiative to become the standard in the industry, just as we will give information to customers and partners in the agricultural industry. Meetings have been held with all of the stakeholders in the value chain, from suppliers and customers, to interest organisations, etc.

In 2016 and 2017, the implementation was impeded by how the market for certified soya has become considerably more differentiated and the needs of the buyers (slaughterhouses and dairies) have changed, especially in relation to non-GMO versus certified soya. As a consequence, we still support the FEFAC initiative for sustainable soya, but we will be ready to meet any demand that might come from consumers – non-GMO, European, FEFAC soya or other products. We will continue to stimulate market-driven demand for sustainable soya.

PALM OIL

Like soya meal, DLG purchases palm oil for use in feed production. In order to be better informed about developments within the palm oil industry in Southeast Asia, in 2012 DLG became a member of the 'Roundtable on Sustainable Palm Oil' (RSPO). RSPO brings together interest organisations from various sectors of the palm oil industry with the aim 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. We will continue to support RSPO in 2018.

PROCUREMENT OF VITAMINS AND MINERALS

DLG's vitamin and mineral activities are gathered under the Vilofooss brand. Only raw materials approved in the EU are purchased for the production of vitamins and minerals. This means that, in this respect, DLG's suppliers have a 'gatekeeper' function if the product comes from a third country. With regard to quality management, we follow up with analytical controls by using the HACCP system in the areas where we see the greatest risks.

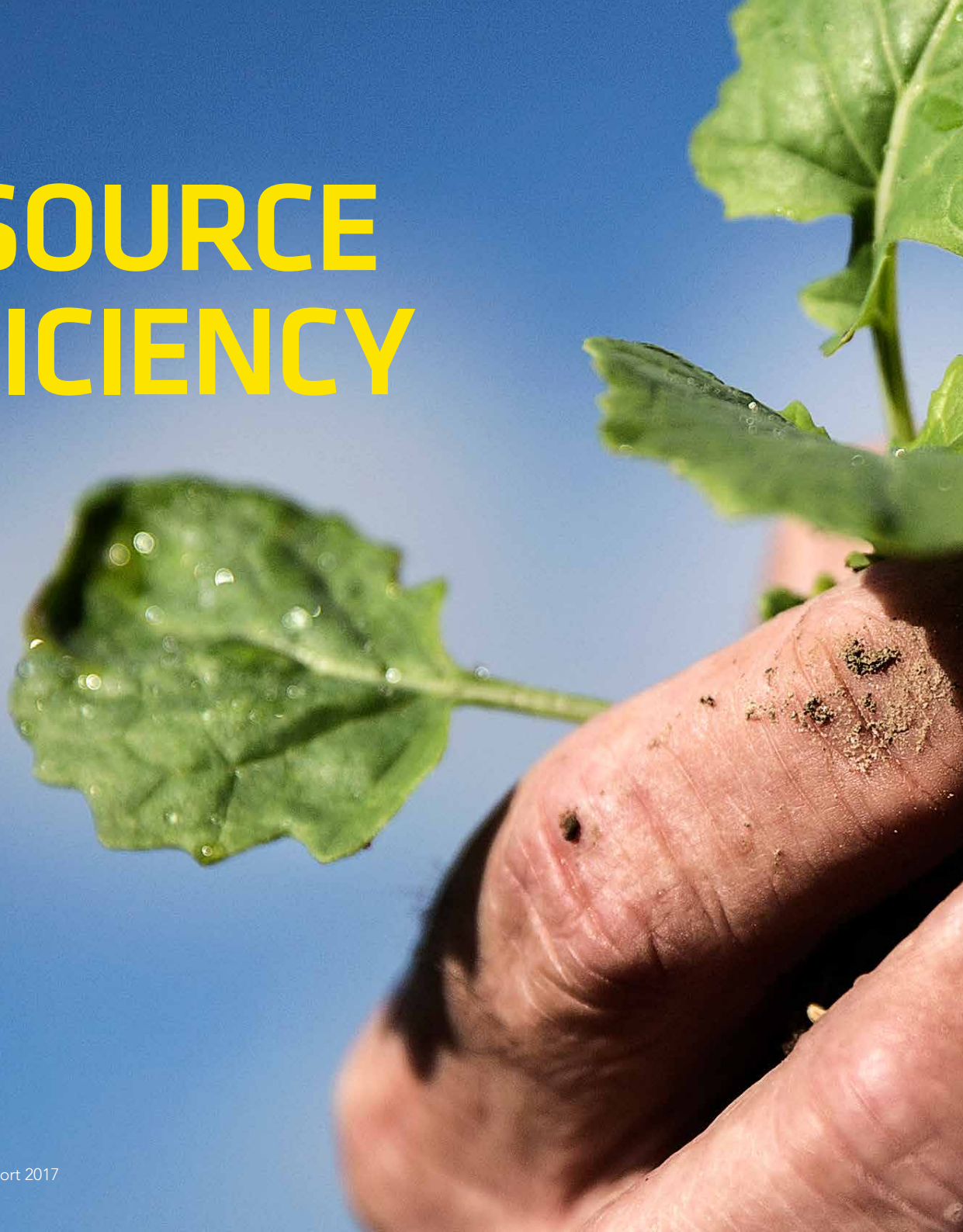
HACCP (Hazard Analysis Critical Control Points) is a system for quality assurance of food products throughout the production chain. The system builds on the identification of microbiological, chemical and physical risks in the raw materials, the designation of particularly critical steps in production and processing, and also in packaging, and the subsequent establishment of control points in the production cycle.

Each of the approximately 200 raw materials used in vitamins and minerals is approved according to a fixed procedure: assessment of familiarity with the company, the product information and the nutritional characteristics of the item in question, its safety for humans and animals, and whether the item can be used in the production facility (e.g. with regard to dust and odours).



**DLG ACCOUNTS FOR
APPROXIMATELY HALF
OF DENMARK'S IMPORT
OF SOYA MEAL**

RESOURCE EFFICIENCY





GOALS FOR 2018


- TRANSPORT OPTIMISATION BY REDUCING THE MOVEMENT FACTOR, AND OPTIMISATION OF TONNES/LOAD AND KM/TONNES
 - ALL BUSINESS UNITS TO SCALE BACK THEIR PRIMARY ENERGY SOURCE BY 2% EACH BUSINESS UNIT MUST SPECIFY ITS PRIMARY ENERGY SOURCE AND DRAW UP AN ACTION PLAN TO ACHIEVE THE GOAL
 - SYSTEMATIC DISSEMINATION OF LEAN PRINCIPLES AND TOOLS TO SUPPORT RESOURCE EFFICIENCY
-

Resource efficiency is a prerequisite for sustainability and competitiveness. DLG is a major player in a highly competitive market. This makes it 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 within all production and logistics. In order to contribute to the most sustainable development possible, DLG seeks to be effective and innovative in leveraging technology and in our use of resources. This is why the DLG Group has strong focus on being as energy-efficient as possible, while maintaining our profitability. This creates value for both the environment and our customers.

MOVEMENT FACTOR

Our goal in 2017 was to reduce the Group's movement factor and to focus on optimising tonnes/load and km/tonnes. The movement factor was reduced from 1.139 to 1.04, which was rather challenging. The reason is a late and wet harvest, as well as unexpectedly high volumes of overlying crops that had to be transported. This outcome has shown us that the agricultural sector's continued development towards larger and larger machine capacity requires further cooperation with our customers on the correct location of storage facilities and increased on-site storage of crops. We maintain the ambition to reduce the movement factor in 2018.

In order to contribute to the most sustainable development, DLG seeks to be effective and innovative in leveraging technology and in our use of resources.



TRANSPORT

Reduction of fuel consumption remains the primary focus of the transport area. In 2017, we continued to shift our transport flows towards lorries with greater capacity and better fuel efficiency. We are one of the first Danish companies to introduce cleaner GTL fuel in our day-to-day operations. From DLG's Zealand production facility in Bårse, lorries and machines now run on fuel which reduces particle emissions by up to 38%, for the benefit of air quality and the working environment. DLG has 10 trucks that operate a fixed route to and from the Bårse facility, supplying feed to more than 1,500 farms on Zealand. Last year, the lorries used 430,000 litres of diesel and transported 165,000 tonnes of feed, which corresponds to almost 4,500 loads in one year. In addition, diesel machines are used in production. We are also focused on more environmentally friendly transport, however we didn't improve our performance from last year. Efficiency fell from 2.16 km/l in 2016 to 2.06 km/l in 2017.

REDUCED CONSUMPTION OF PRIMARY ENERGY SOURCES

Production of agricultural products (feed, etc.) is a core area for DLG and requires large amounts of energy. It therefore makes good commercial sense to seek to be as energy-efficient as possible, as this benefits both the environment and our customers.

The overall energy objective for DLG's production in 2017 was to implement concrete projects that correspond to savings in the individual business units of 2% per year for the specific energy consumption category. For example, at our facilities in Skave and Aarhus, we undertook two projects to achieve energy savings by converting from fuel and gas-oil fired steam boilers to gas. We also undertook 6 projects to introduce LED lighting and compressed air savings, all with energy savings in mind.

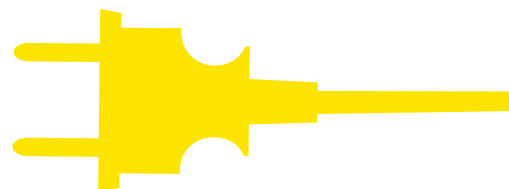
Unfortunately, the goal of 2% was only partly achieved in 2017. In the Danish segment of the agricultural products area, energy consumption increased, as a number of measures to improve the quality of our feed products required additional energy consumption compared to 2016. Nonetheless, even though a 2% reduction of the primary energy source is an ambitious goal, it is being maintained in 2018. All relevant business units draw up action plans to increase their energy efficiency.

We will also give priority to switching to LED light sources or other resource-saving lighting, so that our consumption of resources can be reduced.

LEAN

LEAN is a critically important method to increase resource efficiency, and we are committed to deploying these tools in our production, logistics and transport, including in the form of LEAN agents and training. Once again in 2017, a major effort was made throughout the Group, with LEAN agents working continuously to achieve more effective use of resources. The German subsidiary in particular worked systematically with LEAN and reduction of waste. Almost 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 continuously being implemented in order to increase resource efficiency.

In 2018, we will continue to ensure the dissemination of LEAN principles among all employees in the Group, to ensure focus on the optimum use of resources.



FROM WASTE TO DISTRICT HEATING

Dankalk's quarry in Aggersund annually dries 125,000 tonnes of chalk for the manufacture of various calcium carbonate products for industrial use. Dankalk has two drying lines, which operate at a temperature of 850 degrees. The moist chalk is dried by evaporating the water content.

Until now, the warm and humid air from the drying process has been emitted to the atmosphere. However, in an ambitious new project which was kicked off at Dankalk's facility on Friday 19 May 2017, the surplus heat is now collected and used for district heating instead. Dankalk has invested in a flue gas condensing plant, while Løgstør District Heating Plant has invested in an extension of the heating pipe network and an accumulation tank on Dankalk's site.

In this way, the waste heat is channelled out into the district heating system. This means that Dankalk's surplus heat can cover the annual heat consumption of approximately 700 households, or one quarter of all of Løgstør District Heating Plant's customers.



DANKALK'S
SURPLUS HEAT CAN
COVER AROUND **700**
HOUSEHOLDS'
ANNUAL HEAT
CONSUMPTION



PEOPLE IN DLG



DIVERSITY

At DLG we endeavour to be a workplace that values diversity, since we know that this creates results, and thereby value for our owners.

We are therefore dedicated to creating an inclusive culture and inclusive structures that do not unintentionally inhibit certain groups. Decisions on recruitment, hiring, training, development and evaluation of our employees must always adhere to the principle of equal opportunities, with focus on competences and potential. Our strategy is to create an environment in which individual employees are respected and rewarded for their efforts, irrespective of their age, gender, ethnic background, sexual orientation or disability. We also value diversity in the form of different personal qualities, educational backgrounds and ways of thinking.

DIVERSITY STRATEGY

In 2015, DLG developed a diversity strategy, in which we apply a broader diversity perspective beyond gender alone. This strategy describes our overall vision for diversity and is based on four elements:

1. We will cultivate an inclusive workplace by supporting a culture that promotes collaboration and fairness, and gives individual employees the opportunity to make a contribution and develop their full potential.
2. We will recruit and hire from a diverse and qualified group of potential applicants, to ensure a high-performing workforce.
3. We must have managers who can lead in a diverse environment and create an inclusive culture.
4. We take responsibility by measuring and following up on employees' perspectives on diversity and culture at the workplace, to ensure compliance with the strategy.

A Diversity and Inclusion Council consisting of representatives from the Group's companies has been established to support this initiative and will ensure progress and follow-up on the CSR goals. Since the Group's companies differ considerably and operate in various different countries

and cultures, there is a need for local initiatives which can take account of these differences in terms of both goals and the action taken. Our Diversity and Inclusion Council ensures that good ideas and experience are shared across the Group.

STATUTORY STATEMENT CONCERNING GENDER UNDER-REPRESENTATION, IN ACCORDANCE WITH SECTION 99B OF THE DANISH FINANCIAL STATEMENTS ACT

This report covers target figures and policies for the DLG Group's Board of Directors and Executive Board. Vitfoss and DLG Service are the two of the Group's subsidiaries which, in accordance with Section 99 of the Danish Financial Statements Act, are independently obliged to account for the under-represented gender. In both cases, they have set target figures and a time horizon. For

At DLG we endeavour to be a workplace that values diversity, since we know that this creates better solutions and results, and thereby value for our owners.



both companies, the Boards of Directors exclusively consist of men and the target figure is not achieved. This is because the owners have not considered it necessary to replace the current Board of Directors.

ELECT A FEMALE MEMBER OF DLG'S GROUP BOARD OF DIRECTORS BY NO LATER THAN 2018.

The company's Board of Directors consists of a total of 12 members, including three employee representatives. There is one woman in total among the three employee representatives. There are no women among the nine members elected from among DLG's Board of Representatives. In accordance with the company's articles of association, democratic elections are held to fill the seats on DLG's Board of Directors.

DLG's 26,000 owners elect 134 members of the Board of Representatives, who then elect nine owner-elected members of the Board of Directors. DLG has adopted a target figure of one woman out of nine members of the Board of Directors (excluding employee representatives). Since 2013, the objective has been to elect a female member of DLG's Board of Directors by no later than 2018. The goal was not achieved in the elections held in 2014 and 2016, and as of the end of 2017 it was uncertain whether this would be achieved in 2018. If the goal is not achieved, the ambition is to elect a female member of DLG's Board of Directors at the Board of Representatives' next election in 2020.

Since it is DLG's owners themselves who hold elections to the Board of

Representatives and Board of Directors, the fulfilment of the goal depends on the recruitment and nomination of candidates from among DLG's female owners who can achieve sufficient support from the Board of Representatives. So far, this has not been the case.

In order to expand the recruitment base from among the owners, extensive information and recruitment efforts have been made for several years to encourage more of DLG's female owners to stand for and be elected to the Board of Representatives – and thereby become eligible for election to DLG's Board of Directors. We will continue these recruitment efforts during the coming years.

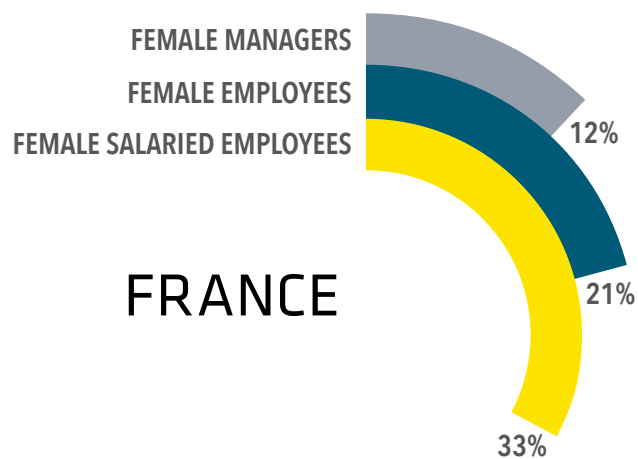
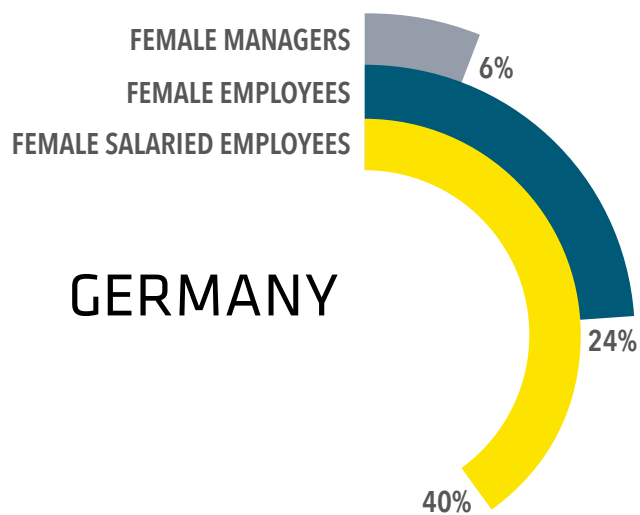
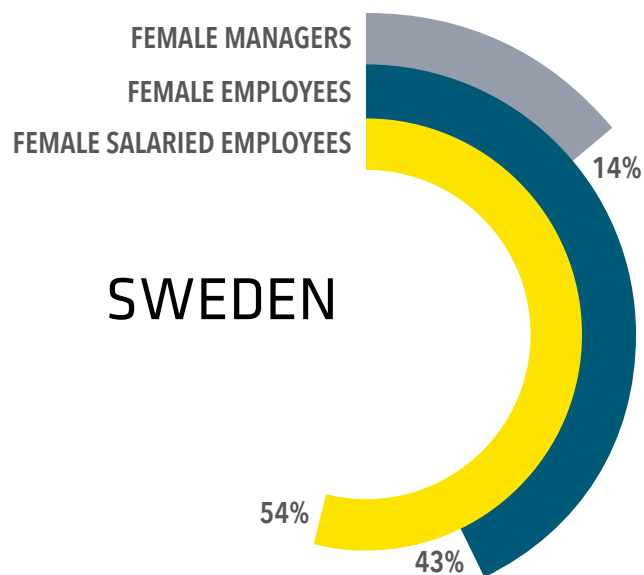
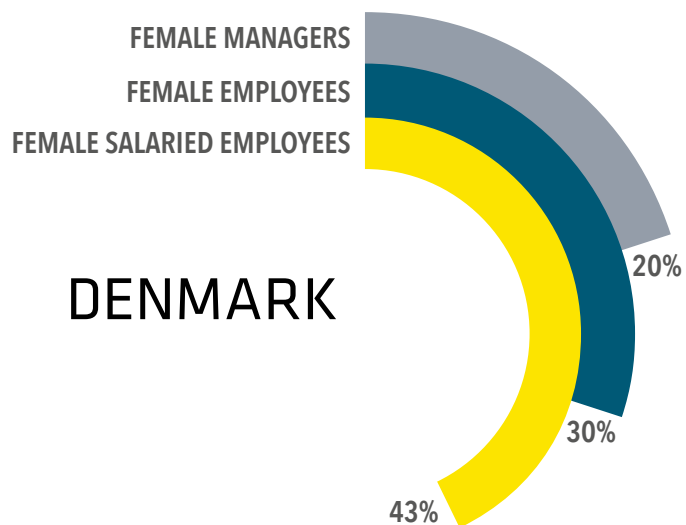
GOALS FOR DIVERSITY

SINCE DIVERSITY INITIATIVES REQUIRE A SUSTAINED EFFORT AND FOCUS, THE GOALS AND INITIATIVES FROM 2017 ARE CONTINUED MORE OR LESS UNCHANGED:

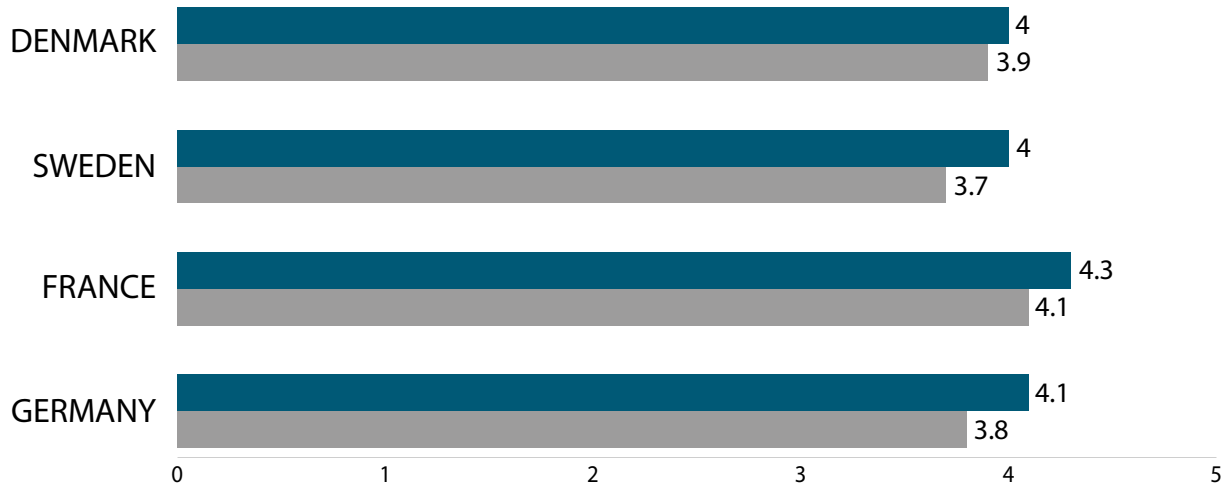
- ELECTION OF A FEMALE MEMBER OF THE BOARD OF DIRECTORS BY NO LATER THAN 2020
- INCREASE THE PERCENTAGE OF FEMALE MANAGERS AT ALL LEVELS, AND THEREBY ENSURE AN INTERNAL PIPELINE TO THE TOP MANAGERIAL LEVELS, E.G. BY USING A STRUCTURED PROCESS FOR TALENT IDENTIFICATION AND DEVELOPMENT
- CONTINUED EFFORTS TO HAVE AT LEAST ONE WOMAN ON THE LIST OF CANDIDATES IN ALL RECRUITMENT FOR MANAGERIAL AND SPECIALIST POSITIONS
- SUSTAINED WORK TO MAKE DLG A DIVERSE AND INCLUSIVE WORKPLACE THROUGH EDUCATION AND INFORMATION

GENDER DIVERSITY

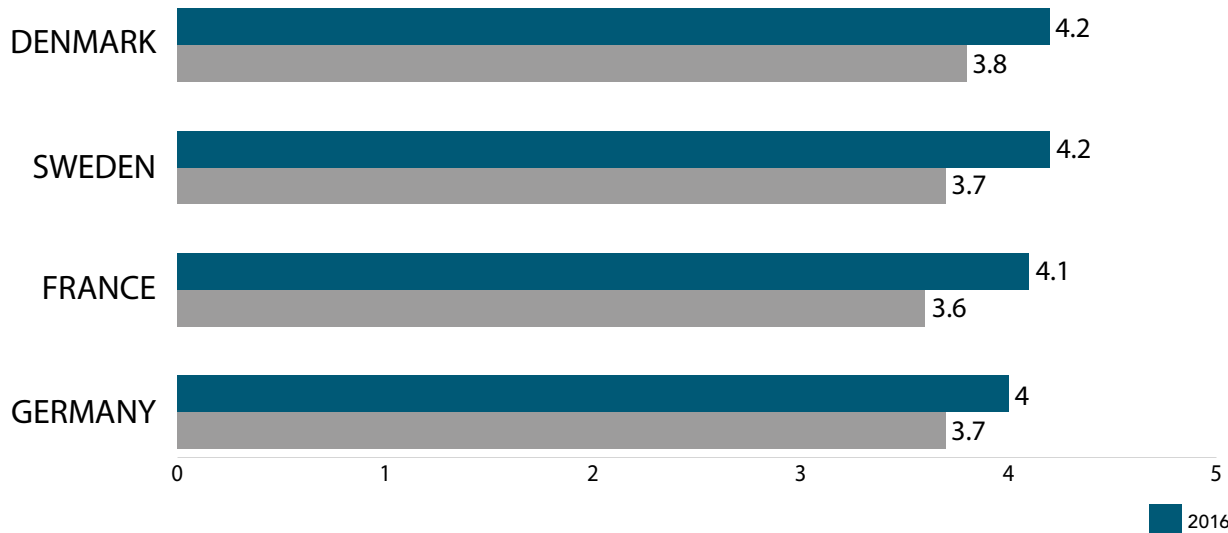
In 2015 we set a number of concrete goals for gender diversity. The gender distribution at management level is characterised by the fact that we have many hourly-paid employees in physically-oriented job functions which are traditionally male occupations and for which the recruitment pool primarily consists of men. On the other hand, if we solely consider the gender distribution of salaried employees, the gender balance is more equal than the gender balance for all employees.



AS PART OF MY DAILY WORK, I WORK WITH COLLEAGUES OF VARIOUS GENDERS,
ETHNICITIES AND BACKGROUNDS



IN MY COMPANY, EVERYONE HAS THE SAME OPPORTUNITIES FOR DEVELOPMENT,
REGARDLESS OF GENDER, AGE AND BACKGROUND



2016 2017

SUSTAINED EFFORTS TO MAKE DLG A DIVERSE WORKPLACE

This is achieved by training relevant managers and specialists in diversity and inclusion. In 2016, we began to more systematically increase our managers' awareness of the potential for unintentional bias in the recruitment process and decision-making. This training in recognising unintentional bias was further formalised in 2017, with this topic as a fixed element of our mandatory on-boarding programme for new managers.

A formal internal recruitment policy has also been adopted, to ensure openness and transparency concerning vacant positions, so that everyone has the opportunity to express their interest in a job vacancy. This will help to ensure that everyone has equal opportunities for internal development.

In 2016, we began to measure the employee perspective on diversity at DLG. The aim is to monitor the development and thereby measure the impact of our efforts, and to stay focused on ensuring an inclusive working environment. The first survey in 2016 showed that employees generally believe they are working in a diverse and thereby inclusive organisation, and that DLG is characterised by equal opportunities for development, irrespective of gender, age and

background. Paradoxically, there has been a decline in this indicator from 2016 to 2017. This may be affected by the switch from a 7-step scale to a 5-step scale. Yet it may also be due to how the increased communication and focus on diversity, and what this entails, has caused employees to set the bar higher.

INCREASE THE PROPORTION OF FEMALE MANAGERS AT ALL MANAGEMENT LEVELS, ENSURING AN INTERNAL PIPELINE TO THE TOP MANAGEMENT LEVELS.

At Group level, DLG focuses on various different initiatives, which are all intended to give female employees the opportunity to explore their leadership potential. In general, there is focus on increasing managers' awareness of their role in identifying talent and leadership potential, thereby helping to identify more of our potential female leader talents.

This is supported by annual organisational-check meetings, whereby HR, together with the managers, reviews the local talent pools, in order to focus on early identification of talents and planning of their development.

Finally, we are dedicated to ensuring a more gender-neutral expression in our employer branding, for example in our job advertisements. We thus

work to ensure that the language we use in our job postings does not appeal to men more than to women. Our Swedish subsidiary has likewise focused on an explicit gender-neutral tone and style in its recruitment efforts, and in this case too, gender equality is followed up in the annual salary adjustment process.

ENSURE A PIPELINE OF FEMALE TALENTS BY SEEKING TO HAVE AT LEAST ONE WOMAN ON THE LIST OF CANDIDATES WHEN RECRUITING FOR MANAGEMENT AND SPECIALIST POSITIONS.

In 2017, there was at least one woman on the list of candidates in 45% of the recruitments for management and specialist positions. There is thus still a long way to go. On the other hand, in the cases where at least one woman is on the list of candidates and is invited to interview, a woman is appointed in 71% of the cases.

In Germany, too, a lot of effort is made to ensure that qualified female candidates are included in the list of candidates and are invited to a first interview.

WORKING ENVIRONMENT

At DLG, we have almost 6,000 employees who all contribute to running a successful and effective business. Reliable, value-creating and ambitious employees are DLG's most important resource, and they are the basis for our continued positive development. In addition to ordinary personnel policies, we work with cross-sectoral policies for social responsibility and governance.

A good and safe working environment is vital to ensuring that development is possible. At DLG, the working environment is about preventing work-related injury and disease, while at the same time creating a social environment that promotes employees' job satisfaction and motivation on a day-to-day basis.

Working in agriculture and production is associated with greater risks than other types of work. It is therefore vital for DLG to always maintain a safe and healthy working environment for our employees. We do this with preventive activities and information campaigns related to the safety, health and working environment of our employees.

Our focus areas in 2017 were:

- Launch of a new round of workplace evaluations
- Inspection rounds
- Near-misses

WORKPLACE EVALUATIONS

For workplace evaluations, we achieved a good response rate of approximately 75% as an average for the sectors: Office/Admin., Transport, Operations, Production and Stores. The problems raised are handled by the local health and safety committees, where employee-elected representatives play a significant role in the process.

INSPECTION ROUNDS

An inspection round is a way of monitoring and controlling the working environment conditions, and may, for example, lead to the registration of a near-miss and/or an action plan. At DLG we have the policy that all locations where there are employees must be inspected by a health and safety representative at least once a year. The same applies to DLG's tankers and trucks. At DLG we have approxi-

GOALS FOR THE WORKING ENVIRONMENT

- INCREASE TRANSPORT SAFETY
- STRENGTHEN KNOWLEDGE AND USE OF PERSONAL PROTECTIVE EQUIPMENT
- MANAGE THE WORKPLACE EVALUATION ACTION PLANS ACHIEVED IN 2017
- SYSTEMATISATION OF INSPECTION ROUNDS
- INCREASE THE FOCUS ON PREVENTIVE WORK, INCLUDING THE REGISTRATION OF NEAR-MISSES

mately 400 locations (including cars and drivers) that must be inspected once a year. We achieved 93% by the end of 2017.

NEAR-MISSES

We significantly increased the number of registered near-misses from the previous years. At DLG, we take a positive view of the increase in the number of registered near-misses. We are convinced that by more systematically registering and learning from near-misses, we will be able to pre-

vent many occupational accidents. In mid-2016, we developed an online system for the registration of near-misses that is available to everyone on the intranet. This has resulted in a significant increase in the number of registrations, both within the function area and the geographical area. Knowledge sharing is an important aspect of prevention work, and with this new tool, data has become available to everyone. In 2017, we had a goal concerning registration of 100 near-misses. The goal was achieved with 110 registrations, and the tool was assessed to be effective and has been welcomed. In 2018, near-misses are still a focus area, because they are such an important element of the preventive work.

OCCUPATIONAL ACCIDENTS

DLG works continuously to improve the working environment for our employees in order to comply with the authorities' regulations in this area. To a great extent, the day-to-day work is undertaken by a skilled occupational work and safety organisation.

In 2017, DLG Denmark has registered 26 occupational accidents with a leave of absence, an increase from 14 in 2016. The increase mainly covers significantly more accidents at work in the Transport, where fall-and-drop accidents especially dominate. As

a natural consequence of the observation, Transport safety is one of the focus areas of work environment work in 2018. In Transport, 13 occupational accidents were registered, in Operations 9 accidents were registered and in Productions 4 accidents were registered.

ONGOING WORKING ENVIRONMENT INITIATIVES

We are continuously working to strengthen the Group-wide occupational health and safety cooperation across national borders and companies. The employee satisfaction survey from 2017 again showed robust satisfaction and commitment on the part of the Group's employees. In addition, the employees state that they have an appropriate framework to be able to handle their tasks on a good and secure basis. This indicates that the general working environment of the DLG Group is satisfactory. With extra focus on the coordinating work, in the coming years we will be able to inspire each other and generally increase the level of satisfaction.

The three focus areas are closely monitored by DLG's management team, especially in the Production & Logistics department, where the development is reviewed at monthly meetings, including with regard to occupational accidents. As a consequence of this 'promotion', the occupational health

and safety work has become more visible to the management team. At the annual occupational health and safety meeting in DLG, the following focus areas for 2018 were identified:

- Transport safety
- Personal protective equipment
- Workplace evaluations, inspection rounds, near-misses

We can see from the type of occupational accidents, and the dialogue in the occupational health and safety committees, that focusing on the safety of our transport and the better use of personal protective equipment will have the greatest effect. Workplace evaluations, inspection rounds and near-misses are also recurring topics. This will, for example, be handled in workplace evaluation action plans, for which purpose a new IT tool has been procured.

In 2017, our occupational health and safety committees also worked on mapping the members' competences, and then creating a competence development plan. To a great extent, DLG's Course Catalogue covers any requirements in the area of occupational health and safety. Independently of the competence work, however, we are offering a new course in 2018: 'Work at heights and safety culture'.

104

ACCIDENTS WITH AT LEAST
ONE DAY OF ABSENCE

VITFOSS

4

SVENSKA
FODER

3

DLG

26

HAGE

59

TEAM

75





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

We create value for our owners and customers as the farmer's preferred partner.

We will set the direction among Europe's leading agricultural companies.

We will be an indispensable element of the world's most important business.

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