



# UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2017





## 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 apply to all subsidiaries.

The group operates mainly within the sale of feed mixes, ingredients and vitamin mixes, fertiliser, crop protection, seeds and energy, and purchases crops from farmers. The group distributes a number of leading farm machinery brands and runs an extensive chain of hobby and leisure retail outlets.

Danish Agro was founded in 1901 and has become a leading agribusiness group 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 (Danish Grain and Feed Trade Association) and the Danish Agriculture and Food Council.



## FOCUS ON SUSTAINABILITY

Respect for the environment, society and economy is fundamental to Danish Agro. Without a sustainable development of society, we cannot run a productive, competitive and efficient business. We believe that contributing to sustainable development is the only responsible course of action.

This is Danish Agro's third Communication on Progress report. The report is to be regarded 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 strive to make as little impact as possible.

In January 2017, we signed a climate partnership agreement with our Danish energy supplier, Ørsted A/S. In the agreement, Danish Agro in Denmark undertook to reduce our energy consumption by 20% by 2021. We seek to make this partnership a template for similar projects elsewhere in the group.

Within social responsibility, we focus on a staff policy with emphasis on safety at work, training and a healthy working environment. We pursue 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. We do not tolerate forced

or child labour. In 2017, we focused even more on our trainee programme, in which we take direct responsibility for the youngsters on the programme, sharing our knowledge and experience, 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 based on the principles of free competition and in accordance with competition laws. We respect any trade restrictions issued by the UN.

We look forward to working further with the Global Compact principles this year.



Henning Haahr  
CEO, Danish Agro



# HUMAN RIGHTS

## UN principles regarding social responsibility and sustainability

*As a company, we should:*

1. Support and respect the protection of internationally-proclaimed human rights, and
2. Ensure that we are not complicit in human rights abuses.

## POLICIES

Danish Agro supports and respects internationally recognised human rights throughout its organisation, which means that we support and respect international agreements on human rights.

We do not accept forced labour and/or child labour. We respect employees' rights to freedom of association and to take part in collective wage bargaining.

Throughout the group, we observe relevant standards regarding working hours. Finally, we ensure that wages comply with the law and industry standards in the countries in which we are active.

## ACTIVITIES AND RESULTS

The group's support and respect for international conventions on human rights are reflected within the company, e.g. in our HR policies, and externally via the collaborative and trading activities we engage in internationally.

In 2017, the Board of Directors at Danish Agro (hereinafter referred to as "The Supervisory Board") has applied the recommendations of the Committee for Good Corporate Governance, dated 6 May 2013. 'Good Corporate Governance' is a universal term for a number of actions and initiatives that form part of good management of large companies. The recommendations are accessible on the committee's website at [corporategovernance.dk](http://corporategovernance.dk).

The Supervisory Board takes these recommendations into consideration. They are part and parcel of any Board discussion or evaluation of the need to bring in experience and expertise, and the guidelines compiled for its dealings with the Executive Board.

The recommendations were applied when the 2018 general meeting considered a proposal from the Supervisory Board to amend the group's Articles of Association. The amendment describes the setting up of a delegate assembly as the company's supreme body, which will be responsible (among other things) for electing the Supervisory Board. The objective is for such a body to strengthen the democratic representation to include all regions, farm types and the competencies of the company's members.

We have also quantified targets and policies for gender equality in the management team, and reporting for the same. We operate in a male-dominated industry and we are a relatively male-dominated business. It is difficult to attract women to board and management positions within the agribu-



siness industry. Nine members were elected to the current Supervisory Board, all of them men.

Danish Agro believes in diversity – including gender equality in the Supervisory Board. Diversity must be prioritised, although not at the cost of competence. The Supervisory Board therefore intends to increase female representation on the Board to 15%, corresponding to one member, by the annual general meeting (AGM) in 2018.

The Board believes this to be an ambitious yet realistic goal, given the gender breakdown on the boards of comparable businesses. In effect, Danish Agro must attract a higher proportion of women to the board than that represented by self-employed female farmers. Our aim to achieve gender diversity in the Supervisory Board was not met in 2017 as none of the Board members have been changed.

The above-mentioned target figures apply only to Board members elected by the AGM and regions. Employee-elected Board members are not included.

The composition of subsidiary company boards is based on group considerations for

maximum support for group strategy. For this reason, subsidiary boards are often composed of members of group management in Danish Agro a.m.b.a. plus the owners' representatives. These boards also include members representing external minority shareholders.

Danish Agro has set down the following target figures for the percentage share of women members ("the under-represented gender") on group subsidiaries' respective boards. We set target figures for the group's Danish companies. These figures reflect that the subsidiaries also operate in a male-dominated business.

In 2017, there was positive development in the percentage share of the under-represented gender on the Board of Dansk Vilomix A/S. This company met the target for female representation on the Board.

The boards of the remaining subsidiaries continue to reflect management representation and there is no change in their gender breakdown.

SUBSIDIARY	No. of males	No. of females	Total	% share the under-represented gender	Target figure	Period
DANISH AGRO MACHINERY HOLDING A/S	3	0	3	0%	33%	End 2022
DANISH AGRO MACHINERY A/S	3	0	3	0%	33%	End 2022
DA AGRAVIS MACHINERY HOLDING A/S	4	0	4	0%	33%	End 2022
DAVA INTERNATIONAL HOLDING A/S	5	0	5	0%	20%	End 2022
DAVA AGRAVIS INTERNATIONAL HOLDING A/S	5	0	5	0%	20%	End 2022
VILOMIX INTERNATIONAL HOLDING A/S	5	0	5	0%	20%	End 2022
VILOMIX HOLDING A/S	4	0	4	0%	25%	End 2022
DANSK VILOMIX A/S	3	1	4	25%	25%	End 2022
HATTING A/S	4	0	4	0%	25%	End 2022
DAN AGRO HOLDING A/S	5	0	5	0%	20%	End 2022
HEDEGAARD A/S	3	0	3	0%	33%	End 2022
DAVA FOODS HOLDING A/S	5	0	5	0%	20%	End 2022
DAVA FOODS DANMARK A/S	4	0	4	0%	25%	End 2022
DLA AGRO A.M.B.A.	7	0	7	0%	14%	End 2022
SCANOLA A/S	5	0	5	0%	20%	End 2022

# LABOUR RIGHTS

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## UN principles regarding social responsibility and sustainability.

*As a company, we 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 interesting, attractive, effective and involving workplace for all group employees, i.e. we will provide a multifaceted and inclusive workplace, offering equal opportunities to everyone. Our employees will be at liberty to progress in their job and develop as leaders who can inspire their staff to perform at 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 works committee, in which both management and employees are represented, to promote 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.

In 2017, the group HR function was expanded and continues to work on a process to strengthen management in the group through training, workshops, etc. The goal is to boost commercial activities and enable Danish Agro managers better to tackle change management, communication and personnel management.

Again in 2017, we focused on the group's trainee programme, aimed at young people with an agricultural background interested in training to sell in the wholesale sector. The first batch of trainees completed the programme in summer 2017. A new intake began their training in autumn 2017. We now have six trainees in Danish Agro. The trainees follow a customised course focusing on pigs, cattle, plant breeding, poultry or logistics, and make acquaintance with every inch of the agribusiness industry. The course includes in-house training courses and secondments to the parent company and subsidiaries with focus on sales. We

believe that we have a responsibility to share our know-how and experience with young people who show an interest in the industry. Agricultural education and training gives young people an excellent academic background, on which Danish Agro then builds, providing the trainees with commercial skills and practical work experience. Danish Agro intends to take on a further five trainees in 2018.

In addition to the trainee programme, Danish Agro intensified its cooperation with universities and other educational institutions in 2017. We now have three student groups who are developing proposals for new solutions and working processes. Their research is based on issues defined by Danish Agro.

In Lithuania, Baltic Agro (a Danish Agro group subsidiary) entered a partnership with "DO NOT DELAY", an organisation that increases awareness of breast cancer and raises funding to fight this type of cancer. 230 Lithuanian farmers wrapped hay in pink plastic. The colour was chosen to attract attention to the cause. Six mobile clinics travelled all over Lithuania, testing women for signs of breast cancer.





We entered into a climate partner agreement with Danish energy provider Ørsted A/S in 2017.

Ørsted  
Klimapartner





# ENVIRONMENT AND CLIMATE

## UN principles regarding social responsibility and sustainability.

*As a company, we 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 seeks to reduce the group's carbon footprint to an absolute minimum – primarily in the communities, in which the group is active. We encourage sustainable processes within the group and consistently discuss environmental challenges with other stakeholders. We focus on saving energy and reducing consumption of materials by constantly monitoring and optimising our operations. We comply with all relevant legislation and requirements, and take a proactive approach to the principles of the UN Global Compact.

## ACTIVITIES AND RESULTS

Corporate social responsibility and care for the environment are integrated into the way we do business. Sustainable development of society is dependent on productive, competitive and efficient business.

Danish Agro is a member of the UN's voluntary "Global Compact" program, adopting its ten principles on human rights, labour rights, environmental protection and the combating of corruption to form the framework for the group's CSR reports. All such reports come under the "Communication on Progress" report, sent annually to the UN.

The report is published at [danishagro.dk/csr](http://danishagro.dk/csr), providing an overview of all the group's CSR activities in 2017. It represents the Danish Agro group's mandatory report on corporate social responsibility, including on gender representation on the Supervisory Board and management as a whole.

## HIGHER ENERGY EFFICIENCY IN 2017

The Danish Agro group continuously focuses on its environmental impact, and in recent years has concentrated on energy efficiency in Denmark. We entered into a climate partner agreement with Danish energy provider Ørsted A/S in 2017. The agreement commits Danish Agro to reducing energy consumption in Denmark by 20% by 2021 compared to 2015. As part of the agreement, Ørsted will provide consultancy and implementation of energy-efficiency measures, whilst we have undertaken to buy a certain amount of electricity from sustainable sources.

Danish Agro's eight most energy-intensive locations, involving feed production, dry-

ing plant etc., account for 75% of our total energy consumption in Denmark. We replaced a lot of our lighting in 2017 with energy-efficient LED bulbs at such locations. We also invested in forklift trucks that run on electricity rather than gas or diesel, achieving a considerable CO<sub>2</sub> saving and noise reductions. The inclusion of energy efficiency when we replace and renew machinery and equipment also makes a big contribution towards achieving our target of reducing energy consumption.

Our overall energy consumption (including electricity and gas) was higher in 2017 (73,341 MWH) than 2016 (51,561 MWH). This is due to two factors: The harvest in 2017 was larger and wetter than in 2016, meaning there was considerable need for grain drying, resulting in higher energy consumption than in 2016. Our gas consumption figures also increased as a result of access to more accurate data from template meters installed in 2017.

When we adjust for the extra volume of grain dried and overlay that factor on the 2016 figures, we can see the true effect of our energy-saving efforts. The downward trend of the graph for electricity consumption below illustrates the result.

Our energy review in 2017 showed new potential for reducing energy consumption in 2018 and onwards. A couple of our focus areas will be the control of humidification to rationalise grain drying, and the replacement of low pressure boilers by high pressure boilers for more effective energy use.

The long-term plan calls for the energy-saving measures above to be rolled out to the rest of the group.

### Energy consumption adjusted for increased grain drying in 2017 (total electricity).



To be more precise, our energy-saving measures meant that consumption per tonne of dried grain was 5% less in 2017 than in 2016.

### Energy per tonne grain dried with water content:





## FOOD QUALITY AND SAFETY

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

Quality management for the group concerns feed and food product safety, plus quality in general. The level of detail for quality management was generally increased in 2017.

Danish Agro wants to cover the entire chain from farm to table with the same standard, bringing together management responsibility, resource management, the production of safe products, validation, verification and improvements in an all-encompassing system.

All Danish Agro group agribusiness and support companies supplying feed products are GMP+ certified to ensure the free movement of crops and feeds nationally and internationally.

Vilomix is certified according to FAMI-QS (specifically for vitamins, minerals and additives) and gives the same free trade between group companies, plus the option of operating on national and international markets.

The amount of organic production in Denmark within livestock and arable farming in 2017 is therefore the amount sold within Danish Agro and on the neighbouring markets. That results in increasing pressure on

the availability of organic ingredients at home and abroad. Unfortunately, this can also give rise to the falsification of ingredients, making supplier approvals and goods received inspections all the more important.

We prove quality assurance within organic egg-layer feeds by being certified according to KAT (KAT – Verein für kontrollierte alternative Tierhaltungsformen e. V.) to be able to supply products to the German market.



### THE DANISH AGRO GROUP HOLDS THE FOLLOWING CERTIFICATIONS:

**ISO 9901** — Management standard

**ISO 22000/TS 22002-6** — Management standard focusing on feed products and feed.

**ISO 14001** — Management standard – environment

**ISO 17025 / AKKREDITERING** — Requirement for testing laboratories

**VLOG** — Non-GM certification, Verband Lebensmittel ohne Gentechnik.

**GMP + B1, B2 OG B3**

Management standard for production, sales, warehousing and transport.

**KAT — FEED/ PRODUCTS** Exported to Germany

**FAMI QS** — Quality assurance for special feeds, vitamins, minerals and additives

**ISCC** — Sustainability certification — rapeseed oil for the diesel industry.



# ANTI-CORRUPTION

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## UN principles regarding social responsibility and sustainability.

*As a company, we should:*

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

## POLICIES

At Danish Agro, integrity is in focus in every aspect of our business, i.e. 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

Danish Agro employees are obliged to follow the Danish Agro group's set of internal competition rules at all times. The rules are designed to ensure that our employees abide by the law in Denmark and corresponding national legislation in the countries in which we operate.

The objective of such legislation is to protect free enterprise in a healthy, competitive economy, which is essential to Danish Agro's business. Danish Agro group managers declare that they will abide by our internal competition rules as part of their contract of employment. Furthermore, we have hired a group policy compliance officer to cement our internal competition rules and compliance work. No breaches of competition legislation were recorded in the group's companies in 2017, which we regard as very positive.

Danish Agro will not accept unethical business practices.





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