



# DLG GROUP – CSR REPORT 2018





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**Sustainability and good  
farming practices are deeply  
rooted in our business ””**



# FOREWORD

## Welcome to the DLG Group's CSR Report for 2018

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 to 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 hold and take social and environmental responsibility, just as traditions for sustainability and good farming practices are deeply rooted in our business.

DLG is convinced that a company's work with social responsibility must be measured by its concrete actions. We have therefore endorsed the UN Global Compact, which is an international initiative with ten principles focused on corporate sustainability. As part of the Global Compact, DLG is working to implement the principles concerning human rights, labour rights, environmental issues 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

Niels Søren Rasmussen

COO

Ole Christensen

CEO

Kristian Hundebøll

CFO

Lars Sørensen

# WHAT WE PROMISED IN 2018 – AND WHAT WE ACHIEVED

## RESOURCE EFFICIENCY

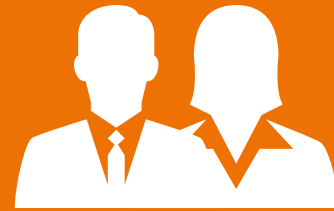
- ≈ Transport optimisation by reducing the movement factor, and optimisation of tonnes/load and km/tonne.
- ✓ All business units to scale back their primary energy resource by 2%. Each business unit must specify its primary energy resource and draw up an action plan to achieve the goal
- ≈ Systematic dissemination of LEAN principles and tools to support resource efficiency





## RESPONSIBLE SUPPLY CHAIN MANAGEMENT

- √ Continuously disseminate DLG's Code of Conduct among employees and elected officers
- √ 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 business partners and offers within the trading area, which may indicate activities in conflict with current legislation
- √ Anchor DLG's Supplier Code of Conduct (SCoC) with all strategic procurement officers at DLG
- ≈ Objective for minimum 25% of DLG's significant suppliers to sign SCoC

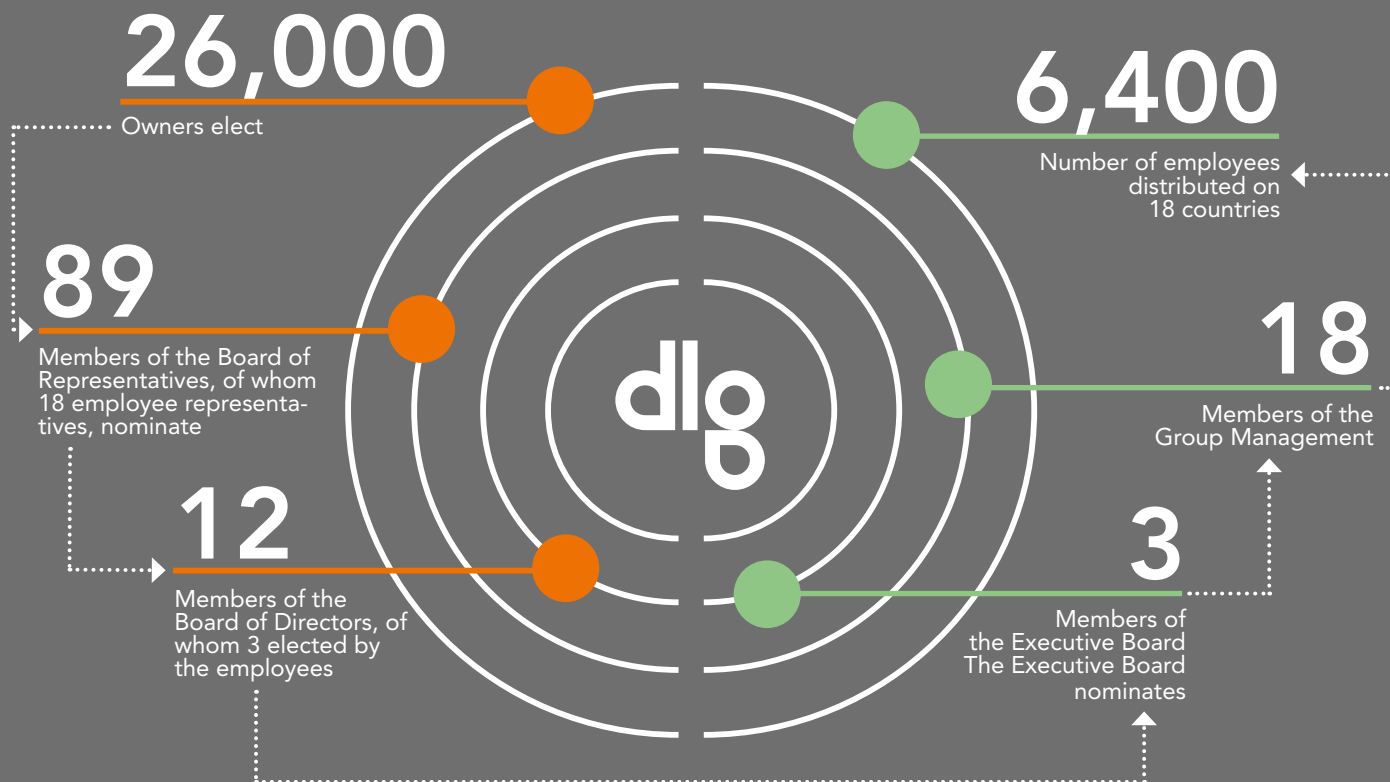


## PEOPLE AT DLG

- ≈ Sustained work to make DLG a diverse and inclusive workplace through education, information and follow-up
- ≈ Continued efforts to have at least one woman on the list of candidates in all recruitments for managerial and specialist positions
- ≈ Election of a woman to the Board of Directors by no later than 2020
- ≈ Increase the proportion of female managers at all levels, ensuring an internal pipeline to the top management levels
- √ 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

# ABOUT DLG

DLG IS A COOPERATIVE – OWNED BY DANISH FARMERS



## WE WORK TO:

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



## DLG'S CORE BUSINESS

49 

BILLION DKK IN  
REVENUE (2017)



AGRICULTURAL  
PRODUCTS

65%

dlg

 SCANDAGRA

 SVENSKA  
FODER

 SCANDAGRA  
POLSKA

DanHatch  
DENMARK

Sejet  
planteformerling

 DANÆG  
INSPIRENDEN ENKELT

HaGe  
Ihr Partner vor Ort

VITAMINS & MINERALS

10% 

VILOFOSS®  
AVNutriSmart™

 普爱 PUI

ENERGY & SERVICE

25% 

DCC  
energi

 team  
bau · energie

Land & Fritid

dlg  
Connect



KASPER RASMUSSEN



# ABOUT DLG

The DLG Group is one of Europe's largest agricultural companies, and is a cooperative owned by Danish farmers.

Within 15 years, we have evolved from a Danish cooperative into an international Group with companies in more than 18 countries and revenue of almost DKK 49 billion in 2017. Today, the DLG Group has 6,400 employees, of whom 3,600 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 lime, crop protection and fuel for day-to-day operations. The DLG Group is also one of Europe's largest exporters of malting barley, seed grain, 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





**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, which was renewed in 2018 after a new risk assessment. The policy is based on the Global Compact, the UN Global Goals for Sustainable Development, DLG's core values and our fundamental approach to social responsibility, which is that our initiatives must be strategic, significant and practical.

**DLG is committed to observing 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 observing the ten principles for corporate sustainability in the UN Global Compact, and fully supports the UN Guiding Principles on Business and Human Rights, and the UK Modern Slavery Act. As part of this initiative, DLG is working to implement the principles concerning human rights, employee 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.

In 2018, we drew up new Group-wide policies concerning human rights, efficient use of resources and the gender composition of the Board of Directors. It will be a key task in the coming years to further implement the policies in our business and day-to-day practice.

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

## **DLG'S CSR POLICY**

We always endeavour to ensure the highest quality and safety in our agricultural products and foodstuffs 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, use resources efficiently and generally reduce our environmental impact.

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

We seek to ensure diversity in the workplace, 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 human rights policy, 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 human rights policy, 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 human rights policy, 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 human rights policy and DLG's Supplier Code of Conduct.

**5**

**The company should support the effective removal of all types of child labour** – an integrated element of DLG's human rights policy and DLG's Supplier Code of Conduct.

**6**

**The company should eliminate discrimination with respect to work and employment conditions** – an integrated element of DLG's human rights policy, DLG's Supplier Code of Conduct, our diversity programme, our policy concerning the gender composition of the Board of Directors, 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 policy and Supplier Code of Conduct.

**8**

**The company should take the initiative to promote greater environmental responsibility** – an integrated element of our resource efficiency policy and Supplier Code of Conduct.

**9**

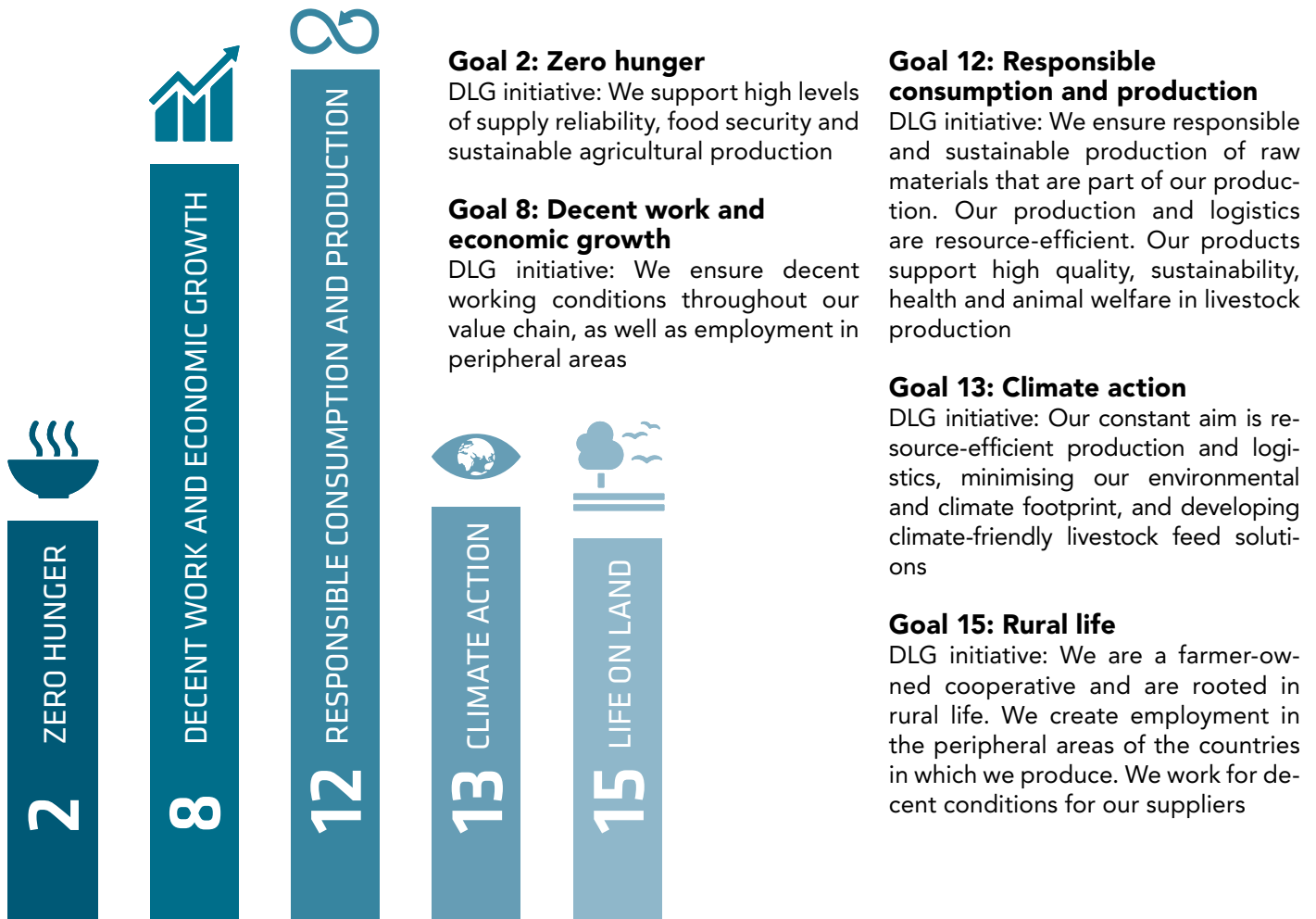
**The company should encourage the development and dissemination of environmentally friendly technologies** – an integrated element of our resource efficiency policy and Supplier Code of Conduct.

**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 review of DLG's CSR Policy in 2018, we have incorporated the UN Sustainable Development Goals in our sustainability efforts. 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

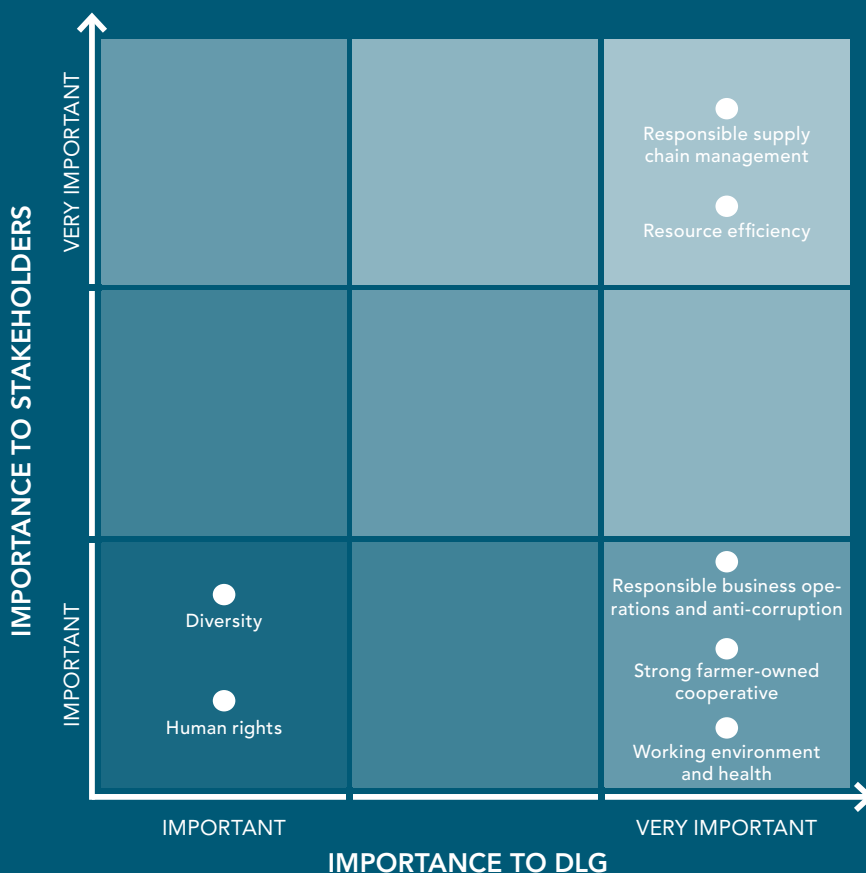
The report has been drawn up by considering a number of the business areas that we consider to be the most significant for our business, for our stakeholders and for our industry, on the basis of the Global Compact principles and the risk assessment performed.

In 2019, we will continue to work on developing uniform accounting policies for CSR data to be used in the report, including data concerning energy, employees and supply chain management, etc. We will continue to develop new KPIs and policies that ensure full compliance with the more stringent requirements laid down in the Danish Financial Statements Act. The report covers DLG's business, which in principle means DLG a.m.b.a. in its entirety, as well as majority-owned subsidiaries. Associated companies in which DLG does not have a controlling interest 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

## RISK ASSESSMENT



# 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-disciplinary 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-disciplinary working groups in 2018. The groups consist of representatives from all parts of the Group, subject to the management responsibility of DLG's Group Management. The Executive Steering Committee is responsible for implementing the cross-disciplinary and sector-specific CSR initiatives in practice. The individual business units are responsible for implementing the CSR goals in concrete action plans.





**COMMENTS OR QUESTIONS?**

WRITE TO: [INFORMATION@DLG.DK](mailto:INFORMATION@DLG.DK)









# RESPONSIBLE COMPANY



# ANTI-CORRUPTION AND THE PREVENTION OF FRAUD

In 2015, DLG introduced an ambitious anti-corruption policy. 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 can be characterised as bribery or corruption.

In 2018, we continued to disseminate this policy, and in particular, we performed risk assessments and monitored 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. We have also implemented a Group-wide platform, SILO, for the effective sharing of internal policies and best practices across the Group.

In 2019, we will continue to strengthen our set-up in this area. 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 business partners and offers within the trading area, which may indicate activities in conflict with current legislation.

## **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 at all times. 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

## **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 to be 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.



# GOALS FOR 2019

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 within DLG may assist third parties in unlawful activities.

- To be systematically aware of, and expand the risk assessment of business partners and offers within the trading area, which may indicate activities in conflict with current legislation
- To conduct quarterly assessments of our business partners. Here, the social responsibility of our partners is a key element of the assessment
- To work on formalised management reporting of internal controls and risk management, to ensure that our controls are performed in the right quality and on time
- To promote DLG Denmark's implemented system for monitoring of controls, so that this is also anchored in foreign subsidiaries
- To continue to incorporate procedures that support DLG's anti-corruption policy
- To anchor DLG's Supplier Code of Conduct (SCoC) with all strategic procurement officers at DLG
- The objective for a minimum of 25% of DLG's significant suppliers to sign the SCoC
- To deploy SCoC to direct procurement. 80% of the procurement volume, or better, must be subject to the adopted ethical standards

# 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 the work is the Group's "Supplier Code of Conduct" (SCoC), which governs the requirements we make of all our suppliers. The principles of the Global Compact and the UN Global Goals for Sustainable Development are in particular focus when raw materials are sourced from other parts of the world. They are therefore an important aspect of our SCoC.

## **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 in the UN Global Compact. The goal in 2018 was to implement and control compliance with the new SCoC by the principal suppliers within the individual business areas of the DLG Group. The goal has partly been achieved,

yet the process is ongoing and will be continued in 2019. The goal is still that, before the end of 2019, our SCoC must have been incorporated by all of the Group's procurement officers, and that at least 25% of DLG's principal suppliers have accepted and signed the SCoC.

## **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 has procurement focused on fulfilling the requirements set by the Pro-Terra certification system. This is a non-GMO standard and includes agricultural practices, 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.

Together with a number of food producers, such as Arla, Danish Crown and the Danish Agriculture & Food Council, DLG is committed to only buying sustainably produced soya meal that fulfils a large number of production requirements, including requirements related to environmental sustainability, use of child labour and the 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. Again in 2018, we were in continuous critical dialogue with our suppliers concerning responsibility and sustainability in soya production, just as we participate in the public debate on this subject.

With imports of 1.7 million tonnes,

Denmark receives approximately 0.5% of total global soya production. We are a small operator in the world market, and we as a country cannot influence how the soya in South America is produced. In recognition of this fact, under the European Feed Manufacturers' Federation (FEFAC), DLG participated actively in the development of common guidelines for sustainable soya imports. Today, the guidelines are the highest standard by which European soya importers assess the South American soya suppliers. The FEFAC guidelines have had a significant positive effect in South America, since they have made European soya importers' expectations in terms of sustainable soya production clear to suppliers.

We are also involved in a large number of research projects which, in the longer term, can make it possible to cultivate alternative protein crops locally in Europe. The most promising alternative is faba beans, concerning which DLG is involved in the NORFAB project.

## 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. At approximately 15-20%, soya is a key ingredient in feed production, and accounts for a large share of DLG's overall production.

Through our SCoC, 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 with stakeholders concerning a wide range of CSR-related parameters.

In our "Supplier Code of Conduct" we set a large number of stringent requirements, e.g. concerning deforestation, correct handling of pesticides, good agricultural practices, labour rights, local population and health. Suppliers must sign an agreement that they will comply with these requirements before they may deliver to us – and thereby also to Danish farmers. After many years' cooperation with our suppliers, our experience is that through good and constructive dialogue we can ensure that soya production takes place on an appropriate basis.

Responsible relationships with neighbouring regions, environmental responsibility, good farming practices and long-term economic planning are at the heart of our dialogue with suppliers. Observance of human rights and the Global Compact's criteria are another key aspect of the requirements we make of our suppliers.

### 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 to ensure that the use of pesticides takes place in accordance with local legislation and the Stockholm and Rotterdam Conventions



## **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 cultivation methods, protection of nature and the environment, and long-term economic planning. We will continue to support RSPO in 2019.

## **Procurement of vitamins and minerals**

DLG's vitamin and mineral activities are gathered under the Vilofoss 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 raw material in question, its safety for humans and animals, and whether the raw material can be used in the production facility (e.g. with regard to dust and odours).

## **NORFAB**

- This acronym stands for faba beans in northern regions.
- Budget of DKK 46.4 million, of which DKK 27.5 million from Innovation Fund Denmark.
- Duration: five years.
- Participants from Denmark: Aarhus University and the University of Copenhagen, DLG, Sejet Planteformer and Nordic Seed.

New faba bean varieties will replace some of the spring barley in crop rotation. This will give better crop rotation, because faba beans fix nitrogen. New faba bean varieties will give 10-20 hkg higher yields than today's level of 50 hkg per hectare. In addition, the total yield of protein must be significantly increased, and a number of properties are being investigated to make the varieties suitable for both organic and conventional cultivation.



## CHINESE SOYA

On 4-12 October 2018, DLG carried out a series of verification visits to the Group's Chinese suppliers of organic soya. DLG employees audited the suppliers' production from start to finish, with review of the Group's strict requirements regarding sustainability, employee conditions, traceability, cleaning procedures and hygiene.

中国

# RESOURCE EFFICIENCY







# GOALS FOR 2019

- To qualify the Group's carbon footprint through data collection, registration of energy consumption and model calculations
- To reduce the Group's movement factor, as well as consistent optimisation of transport (tonnes/load and km/tonnes)
- All business units to scale back their primary energy resource by 2%. Each business unit must specify its primary energy resource and draw up an action plan to achieve the goal
- To systematically implement LEAN principles and LEAN tools at Group level
- To continue to train the Group's drivers in climate-friendly driving techniques

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 2018, we created and adopted our policy on resource efficiency. In 2019, it will be rolled out in the Group, with explicit focus on measuring the Group's carbon footprint. 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. Within the DLG Group we therefore focus strongly on being as energy efficient as possible, while maintaining our profitability. This creates value for both the environment and for our customers.

## **Movement factor**

Our goal in 2018 was to reduce the Group's movement factor and to focus on optimising tonnes/load and km/tonne. While this represented a major challenge in 2017, due to a late and wet harvest, the opposite applied to 2018, due to the extensive drought in northern Europe.

At Group level, we reduced the movement factor by 0.8%, which nonetheless conceals a significant spread in

the results. In Denmark and Sweden, the movement factor was reduced by 0.16% and 0.003% respectively, while in Germany it increased by 6.96% due to extraordinary movement of older quantities of cereals. Nonetheless, the generally good results show that the agricultural sector's continued development towards ever larger machine capacity, together with the sound cooperation with our customers on the correct location of stocks and increased on-site storage of crops, are measures that it is worthwhile to take. We maintain the ambition to reduce the movement factor in 2019.

The Group increased km/tonne by 4.7 km (equivalent to an increase of 5.6%). At Group level, tonnes/load was increased by 0.8%, which is satisfactory. The Group maintains the ambition to optimise our transport.

## **Fuel consumption**

Reduction of fuel consumption remains the primary focus of the transport area. In 2018, we continued to shift our transport flows towards lorries with greater capacity and better fuel efficiency. DLG is currently replacing the old cars in the fleet with newer models. This will reduce fuel consumption and particle emissions. We are also working to install new, lighter tanks on the tanker vehicles. As a consequence, the tanker vehicles will be able to carry more goods,

without exceeding weight limits. The result will be a higher number of tonnes per load. It was possible to reduce fuel consumption/km significantly in 2018. In Denmark, we reduced consumption by 0.8%, while our German subsidiaries reduced consumption by 5.4%. This results in an overall Group-wide reduction of 0.02 litres per km, equivalent to a reduction of 1.5%.

Last year, the lorries required 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-fuelled machines are used in production. We also focus on more environmentally friendly driving, while continuing to train our drivers in climate-friendly driving techniques. The Group used 3.7 million litres of diesel in 2018, compared to 3.6 million litres in 2017.

### **Reduced consumption of primary energy resources**

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 goal for DLG's production in 2018 was to implement concrete projects that correspond to savings in the individual business units of 2% per year for the specific

energy consumption category. The 2% goal was achieved in 2018.

In Denmark, we reduced energy consumption by 2,400,000 kwh/year, thanks to 15 energy efficiency projects. These include new machines at the Skave factory and better planning at the Aarhus factory. Through five new projects, we expect to reduce consumption by an additional 1,000,000 kwh in 2019. Our German companies also made a major effort in 2018.

All relevant business units in the Group continue to draw up action plans to increase their energy efficiency. We will also prioritise switching to LED or other resource-saving lighting, in order to save resources.

### **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 2018, a major effort was made throughout the Group, with LEAN agents working continuously to achieve more efficient use of resources. The German subsidiary HaGe in particular has worked systematically with LEAN and reduction of waste. This is achieved through weekly LEAN meetings for management and a number of projects in production.

Close to 100% of the employees of our Swedish subsidiary Svenska Foder have 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 2019, we will continue to deploy LEAN principles among all employees in the Group, to ensure focus on efficient use of resources.





# SUSTAINABLE BIOGAS

Olive pomace, also known as olive pulp, is a residual product traditionally spread on fields in Spain, but which is now being put to good use in Danish biogas plants. After DLG began to import olive pomace in 2018, this residual product is now creating sustainable energy in Danish biogas plants and the natural gas grid.

More and more farmers are establishing biogas plants, since new legislation means that in future half of all slurry must be treated in biogas plants. Significant new investments in biogas plants, typically in the range of DKK 45-50 million, can be expected in the near future. DLG delivers a range of biogas-related products for biogas production – also now including olive pulp. Straw pellets, as well as pelleted grass seed husks and sunflower shells, etc. make the product easier to handle and thereby more degradable in biogas plants.







# PEOPLE AT 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 structures that do not unintentionally inhibit certain groups. Decisions concerning 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.

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

DLG is a cooperative company (A.M.B.A.) owned by almost 26,000 Danish farmers, 1,200 of whom are women, corresponding to 4.6%. The company's highest authority is the Board of Representatives. The Board of Representatives consists of 79 owner-elected representatives, and 12 employee-elected representatives. Members of the Board of Representatives are elected for two years at a time, and DLG's Board of Directors are elected from among them. The company's Board of Directors consists of a total of 12 members, of which three are employee representatives. After the election in May 2018, the gender distribution is 11 men and 1 woman (elected by the employees). The Board of Directors is elected for two years at a time.

**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.**



## **Elect a female member of DLG's Group Board of Directors by no later than 2020**

The Group has the goal to have one owner-elected female member of the Board of Directors by no later than the 2020 election. The first step in this regard is to increase the ratio of owner-elected female members of the Board of Representatives to match the ratio of women among self-employed farmers (approximately 8%).

Given that the DLG Board of Directors derives from the Board of Representatives, a major information campaign has been conducted over the years to increase the recruitment base, in order to be able to select more female owners for DLG's Board of Representatives and, subsequently, the Board of Directors. In 2018, in recognition that recruitment requires further efforts, DLG's Board of Directors adopted a policy and action plan for the under-

# GOALS FOR DIVERSITY

represented gender on the Board of Directors. Concrete initiatives in the coming year include:

- At the annual local accounting meetings, the female members are invited to join and become members of the DLG Board of Representatives.
- DLG's Board members undertake to perform outreach recruitment efforts towards potential female board members.
- Experimental ERFA (exchange of experiences) meetings are held for female owners in DLG's retail regions, where go-home meetings discuss the work of the Board of Representatives and current topics with the participation of female board members. DLG's board members become coordinators in the ERFA groups.
- The Board has an annual point on the agenda for 'Women in the Board of Representatives and the Board' – to adopt initiatives and follow development.
- DLG's HR department will be in dialogue with agricultural colleges with the aim of introducing students, especially women, to the concept of owner-election at DLG.
- To conduct recruitment and information initiatives to elect one owner-elected female member of the Board of Directors in the 2020 election
- To increase the ratio of female managers, including by focusing on our talent identification and development. We will do this by creating a transparent process and ensuring that our managers have good opportunities to exchange ideas in the selection processes and in conjunction with employee development interviews. Across the Group, we will also share our experience and disseminate the most effective efforts to other countries
- To continue our endeavours to have at least one of each sex on the list of candidates for all recruitment for managerial and specialist positions
- To strengthen our focus on diversity in teams and the unconscious bias in recruitment. We will also explore how we can ensure greater diversity within DLG by also contributing experience from other sectors
- To continue our focus on education at DLG, and also increase efforts in countries other than Denmark, e.g. by drawing on experience from the Danish certification and training of sales staff



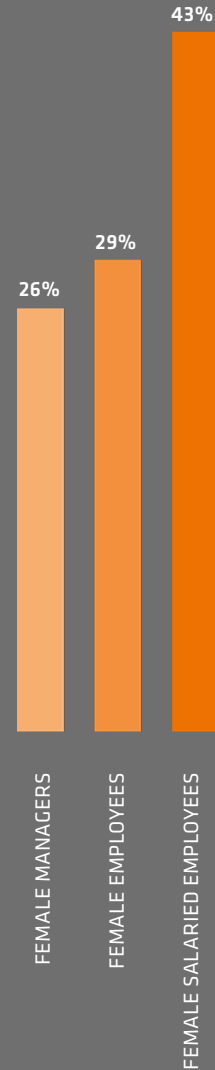
## Diversity strategy

DLG has adopted a diversity strategy whereby we apply a broader diversity perspective that extends beyond gender. This strategy describes our overall vision for diversity and is based on four elements:

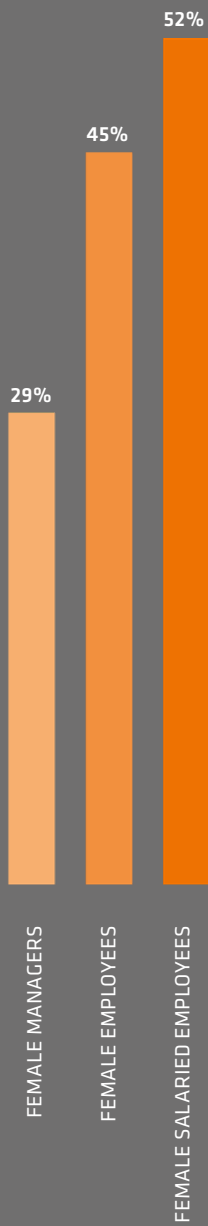
1. We will establish an inclusive workplace by supporting a culture that promotes collaboration and fairness, and that gives individual employees the opportunity to make a contribution and develop their full potential.
2. We will recruit and hire from a diverse and qualified group of potential applicants, 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.

## Gender diversity

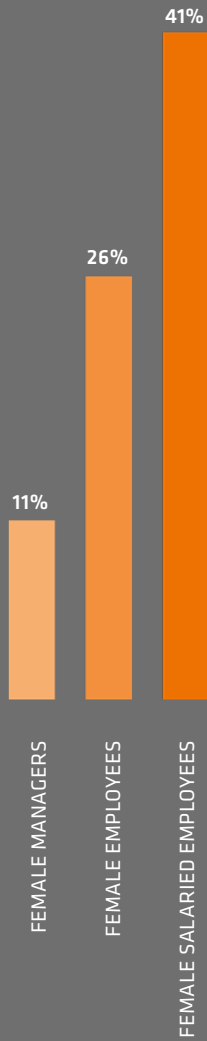
The gender distribution at management level is characterised by how we have many job functions which are traditionally male occupations and for which the recruitment pool therefore primarily consists of men. If we solely consider the gender distribution among white collar workers, the gender balance is more even than the gender balance for all employees. Compared to 2017, in 2018 the percentage share of female managers in all four of the countries mentioned increased significantly, and in Sweden and Germany the percentage even doubled in just one year.



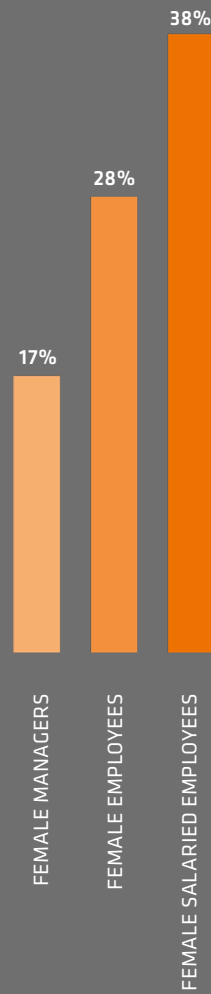
DENMARK



SWEDEN

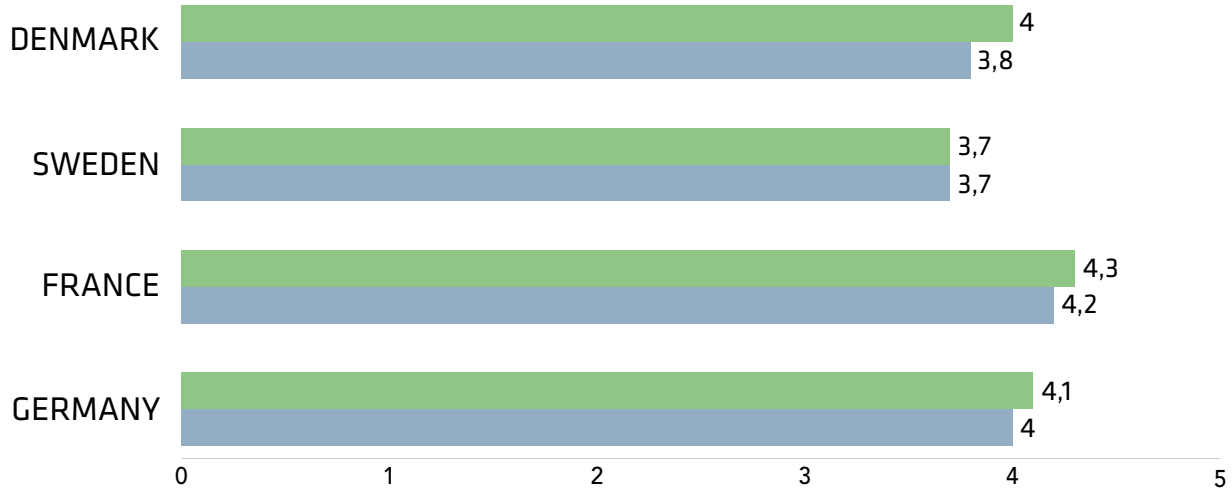


GERMANY

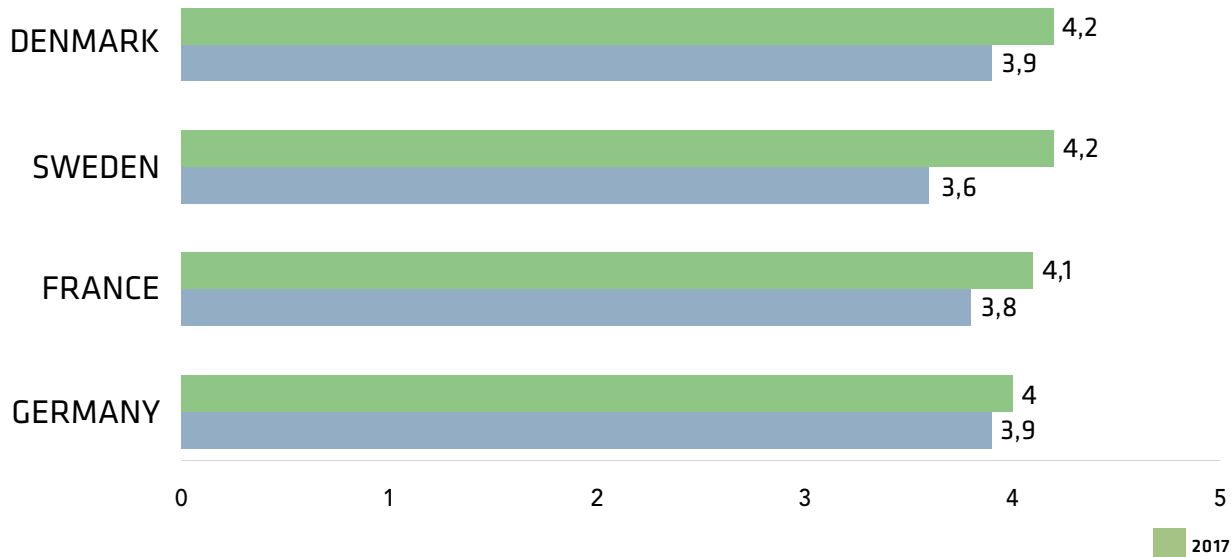


FRANCE

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



IN OUR ORGANISATION, ALL EMPLOYEES HAVE THE SAME OPPORTUNITIES FOR DEVELOPMENT, IRRESPECTIVE OF GENDER, AGE AND BACKGROUND





The above figures are from the annual employee satisfaction survey that is conducted in Q4 each year. Compared to 2017, slightly fewer employees experienced diversity in the employee mix in 2018, while fewer employees experienced equal development opportunities for everyone. This will be one of the focus areas in both the central and local evaluation of the 2018 employee satisfaction survey, and diversity and equal opportunities for all employees will therefore remain a focus area in 2019.

Due to the upcoming opening of the new head office in Fredericia, during the past year we welcomed more new employees in Denmark than usual. During the first ten months of 2018, more than 230 new employees started work at DLG and subsidiaries in Denmark, compared to around 160 employees in the whole of 2017. Selected functions and teams have already moved to Fredericia, so that we have had to recruit many new employees. This has enabled us to focus on diversity in the individual teams with regard to such factors as age, level of education, gender, etc.

One means to achieve this has been continued training for DLG's new managers in recruitment bias, which is the unconscious deselection of suitable candidates based on ethnic origin, gender, age, appearance, etc. At the same time, managers are ad-

vised and challenged in conjunction with both recruitment and promotion, in order to reveal any bias and ensure good diversity in the team.

### **A sustained approach to making DLG a diverse and inclusive workplace through education, information and follow-up**

We promote our diversity policy on the website and in job advertisements:

"DLG is a diverse Group in which employees are united by the shared values of trustworthiness, ambition and value creation. We therefore encourage everyone to apply, regardless of ethnic origin, gender, age, sexuality, disability or religion."

At DLG, we wish to create diversity in the workforce by appointing employees with different backgrounds in terms of education and professional experience. We are increasingly recruiting graduate employees to undertake various specialist functions, and we focus on being able to attract graduates with academic qualifications within relevant disciplines.

DLG's sales organisation is critical to DLG's success and ability to succeed with its "Leading the Way" strategy. In recent years, due to the major structural changes in agriculture and the industry in general, DLG has upgraded the competences of the sales force in order to ensure that we can

One example of cooperation with educational institutions and academics is DLG's plant propagation activity, Sejet Planteforædling, which has hired a business PhD who, during the next three years, will focus on the Genomic Selection method. The project is supported by Innovation Fund Denmark and will run for three years in cooperation with Aarhus University.

continue to create value and contribute knowledge in encounters with customers and the market.

The first initiative was to upgrade the sales force's professional skills, and we introduced compulsory professional certification within animal nutrition. In 2018, we initiated equivalent certification for crops, and more than 30 of our sales representatives achieved this certification. Professional certification generally applies for three years, after which new certification is required. Certification ensures the ongoing development of the professional knowledge and skills of our sales force.

In 2018, we also strengthened our sales force's commercial expertise by launching the biggest training initiative in DLG's history: DLG's Sales Academy.

DLG's Sales Academy matches the academy diploma subject "Sales Psychology and Basic Sales", and 10 ECTS credits are earned by passing the exam. However, the course is tailored to DLG, and during the coming year, all of our around 140 sales representative will take the course (comprising 4 training days and 3 supervisor days), in which they will work on applying the tools and knowledge acquired to their own customer cases. The course ends with an oral examination based on the employee's own project assignment.

At DLG, we are proud to have many employees with a long length of service with the Group. We are also aware that diversity in the age mix creates dynamic impetus and thereby value for customers, colleagues and owners, so that we also focus on attracting younger candidates to DLG. One path to recruiting younger employees and employees from other sectors is our two-year Sales Trainee programme, which has been running in Denmark since 2014. We currently have four trainees in the first year and four trainees in the second year of the programme.

Our trainees come from all over the country and from different professional areas. During the two-year programme they will receive thorough training in sales, product knowledge and knowledge of DLG and the market in which we operate. In 2018, based on the good experi-

ence from our trainee programme, we set up an international Commodity Trading trainee programme within the DLG Group, under which four trainees from Denmark, Germany and the Baltic states are also completing a two-year programme. The aim of the programme is to attract young talent while also developing highly specialised competences in the commercial area, combined with solid knowledge of the Group and an international perspective on the business.

In overall terms, at DLG we have for many years traditionally given high priority to employee training; for example, during the past year alone, more than 500 employees have attended over 50 different courses and programmes. Employees are familiar with our extensive catalogue of both professional and personal courses, while the development of employees is discussed annually at the individual development interview with the employee's immediate manager, where a development plan for the coming year is determined and the employee is put forward for relevant courses or training programmes.

**Continued efforts to have at least one of each sex on the list of candidates on all recruitment for managerial and specialist positions**

In connection with recruitment for managerial and commercial positions, the DLG Group wishes to

One important aspect of the training programmes offered at DLG is merit training, whereby employees without formal education, but with many years' experience in the field in question, have the opportunity to become a skilled freight driver, or skilled warehousing and logistics operator or industry process operator. The merit training programmes contribute new expertise to DLG, while the employees achieve documentation of their skills and can generally broaden their competences. In recent years, between 8 and 11 employees per year have completed a merit training programme.

achieve greater gender diversity, since these positions have traditionally been dominated by men. As a consequence, in our German company, HaGe, in 2017, 15 out of 33 new appointments to commercial positions and two out of five new appointments to management positions were women. Furthermore, in our Swedish subsidiary, Svenska Foder, today 41% of the sales representatives are women. In Denmark we have strong focus on appointing more women to commercial positions in the future, since today only 7% of our sales representatives are women. We can also see that, in 2018, we appointed 93 new employees to management and specialist positions, of whom 40% are women and 60% are men.

**Increase the ratio of female managers at all levels, thereby ensuring an internal pipeline to the top managerial levels, e.g. by using a structured process for talent identification and development**

One of the conditions for ensuring a good pipeline to management, with a balanced gender distribution of candidates, is that immediate managers evaluate employees according to the same parameters, irrespective of gender. Every year, each employee attends a development interview with his or her immediate manager, at which the employee is assessed on the basis of two parameters: Readiness for new challenges and Performance. In 2018, 16% of female employees and 14% of male employees were assessed as performing at a high level while also being ready for new challenges. The aforementioned indicates that managers at DLG assess the development potential equally, regardless of gender. The next step towards ensuring a balanced gender distribution of the candidates in the pipeline to senior management is that the underlying management layer also has a good gender balance.

In DLG's German company, HaGe, during the past year, we reviewed salary levels (average) by gender for all employees. This has shown that the difference in favour of male employees is minimal (below 3%). Zooming in on the salary level of employees with less than 20 years' length of service at HaGe, the pay gap is completely erased.





# WORKING ENVIRONMENT

At DLG, we have almost 6,400 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 injuries and illness, 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.

## **Personal protective equipment**

In connection with our focus areas for 2018, we have ensured that protective equipment is available and that there are procedures for its use. When the equipment was issued, the level of dust was mapped. In addition, notifications were established for drivers who are required to load goods which impose stricter protective equipment requirements. As a consequence of an accident in the industry, health and safety in conjunction with the filling of silos at our customers is being mapped. This work will continue in 2019.

## **Inspection rounds**

Inspection rounds are an important aspect of preventive work. An inspection round is a way of monitoring and controlling the working environment conditions, and may e.g. lead to the registration of near-misses and/or the establishment of an action plan. At DLG, our policy is that all locations where employees are present must be inspected by a health and safety representative at least once a year. At DLG, we have approximately 165 locations in Denmark that must be inspected once a year. We had achieved 81% by the end of 2018.

The mapping is considered by the local health and safety groups and committees (in which employee-elected representatives play a key role), and in the preparation and prioritisation of action points. In this respect, 1,100 action points were considered and are now being executed.

## **Near-misses**

We have increased the number of registered near-misses significantly 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 prevent 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. One new aspect is that we set a target of 100 registrations in 2018, but with 65 registrations achieved, this is an area that requires greater efforts.

## **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

# GOALS FOR 2019

a great extent, the day-to-day work is undertaken by a skilled occupational work and safety organisation.

As part of our working environment initiatives, we managed to significantly reduce the number of occupational accidents in 2018 compared to 2017. At the same time, the duration of the resulting periods of sick leave declined. In 2018, we registered 23 occupational accidents in Denmark with days of absence, compared to 26 in 2017. The total number of accidents in our German subsidiaries has also declined, from a total of 124 in 2017 to 103 in 2018. We will endeavour to maintain the positive development by giving priority to Group-wide occupational health and safety cooperation, including joint organisation, policies, registrations and sharing of best practices across country and company boundaries.

- To have extra focus on the day-to-day working environment and well-being during the change process of locating our head office in Fredericia
- To make changes to the occupational health and safety organisation
- To give greater priority to Group-wide occupational health and safety cooperation
- To implement action points in the action plans identified in workplace evaluations, inspection rounds and registration of near-misses
- To work with ergonomics to ensure that employees work appropriately and prevent repetitive strain injuries
- To establish a system for the management of safety data sheets and workplace instructions
- To re-evaluate the structure and frequency of the execution of inspection rounds, which are currently performed annually
- To register at least 100 near-misses

## Ongoing working environment initiatives

The employee satisfaction survey from 2018 again showed robust satisfaction and engagement 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.

Combining DLG's new head office and regional office entails many changes, as well as well-being and occupational health and safety-related tasks for the organisation. We will therefore have extra focus on the day-to-day working environment and well-being during the change process that DLG is implementing by locating our head office in Fredericia. This also requires changes to the occupational health and safety organisation, so as to reflect the situation after moving DLG's head office to Fredericia.

Occupational health and safety initiatives are monitored closely 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.

We can see from the type of occupational accidents, and the dialogue in the health and safety committees, that focusing on the safety of our transport operations and 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.









# 130

ACCIDENTS WITH AT  
LEAST ONE DAY OF  
ABSENCE

VILOFOSS

2

SVENSKA  
FODER

2

DLG

23

HAGE

43

TEAM

60









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.



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