



UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2018



ABOUT THE DANISH AGRO GROUP

Danish Agro was founded in 1901 and is now one of the largest and most important agribusiness groups in northern Europe.

The Danish Agro group is an international farming-based enterprise with 5,000 employees in 16 countries, primarily in Scandinavia and the Baltic region.

Danish Agro is an independent cooperative company, owned by approx. 9,000 Danish farmers. Danish Agro is a member of DAKOFO, the industry organisation for grain and feed traders in Denmark, and of the Landbrug & Fødevarer (farming and feeds) industry association in Denmark.

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.

Furthermore, the group distributes a number of leading farm machinery brands and runs an extensive chain of hobby and leisure retail outlets.

This report concerns a number of policies, all of which have been adopted by the group, and therefore apply to all its underlying subsidiaries.



FOCUS ON SUSTAINABILITY

The fundamental basis of the way Danish Agro runs its business is full consideration for the environment, society at large and financial management.

The main criterion for a productive, competitive and efficient business is sustainable development in society. We believe that contributing to that is the only responsible thing to do.

This is the Danish Agro group's fourth Communication on Progress report and concerns the group's statutory report on Corporate Social Responsibility (CSR).

Our CSR activities centre on those areas in which we have expertise and know-how, and we focused last year on measures that have a direct relevance to our business, and to the environment we are a part of.

We take a proactive approach to our social and environmental responsibilities throughout the value chain and based on the 10 principles of the UN Global Compact.

We also draw inspiration from the UN's 17 Sustainable Development Goals, expressed in a number of areas within our business and in connection with specific activities and initiatives.

With regard to climate and the environment, we strive to make as little impact as possible. We entered into a climate partnership agreement in 2016 with our energy supplier in Denmark, Ørsted A/S, an agreement that was extended in 2017 and 2018.

That agreement committed us to reducing our energy consumption for the year to come. We seek to make this partnership a template for similar projects elsewhere in the group.

With regard to social responsibility, we are focusing on an employee policy that centres on a healthy working environment, training and safety at work.

We want to engage in constructive, innovative dialogue with our suppliers based on the principles for human rights and rights in the workplace. We therefore focus on health and a healthy working environment and do not tolerate forced or child labour.

Our trainee schemes have also been very much in focus in 2018, as we believe in taking direct responsibility for young people to give them a good start in the agribusiness industry, including training and sharing our know-how and experience with them.

In our own commercial practices we oppose any form of corruption, including blackmail and bribery, and our business activities comply with local, national and international law and regulations that are relevant to our business.

In all other respects, our dealings on the global market take place in free competition, in accordance with the relevant competition laws and respecting trade restrictions applied by the UN.

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



A handwritten signature in blue ink, which appears to read 'Henning Haahr'. The signature is fluid and stylized.

Henning Haahr
Group CEO

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 respects and supports internationally-recognised human rights throughout its business. That means that we support and respect international agreements on human rights.

Danish Agro does not accept forced or child labour, and we respect the right of our workers to organise and take part in collective bargaining.

We also observe all applicable standards concerning working hours throughout the group. 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 is reflected internally within our organisation, including in our HR policies, and externally in the trade and collaboration activities we engage in internationally.

In 2018 Danish Agro worked with the Committee on Good Corporate Governance's recommendations of 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.

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.

At its AGM in 2018, Danish Agro was asked to carry on the process of revising its Articles of Association to describe a delegated assembly that will be responsible for appointing directors to the Supervisory Board, amongst other things. The revised articles will be presented as a motion at the general meeting in 2019.

The objective is for such a delegated assembly to be able to strengthen the democratic representation regardless of regions, farm type 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. Danish Agro operates within a male-dominated industry, and it is generally difficult to attract women to board and management posts in the agribusiness industry. Nine members were elected to the current Supervisory Board at regional meetings, all of them men.

Danish Agro believes in diversity – including gender equality on the Supervisory Board. Diversity has to be prioritised, but not at the expense of the competences needed.

Our objective for the gender composition of Danish Agro's Supervisory Board adopted at the AGM in 2018 was to increase current female representation to 15% (equivalent to 1 person). This objective for greater diversity has not been reached, primarily because there have been no changes in board members, and the objective must also be viewed in the light of it requiring Danish Agro to be able to attract a higher proportion of women on the board than the average number of female self-employed farmers.

Danish Agro's Supervisory Board will continue to work for greater diversity in its composition, and a new objective has therefore been set. Our objective for the gender composition of Danish Agro's

Supervisory Board is to increase current female representation to 15% (equivalent to 1 person) by no later than the AGM in 2022.

The aforementioned objective applies 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 the following objectives for the proportion of the under-represented gender on the boards of its subsidiaries, drawing inspiration from such sources as the UN's global goals for sustainable development, a sub-goal under goal 5, which concerns gender equality, is that women shall be ensured full and effective participation

and equal opportunities for leadership at all levels of decision-making, which is also the case in Danish Agro.

The objectives have been adopted for the group's major businesses which reflect that our subsidiaries also operate within a male-dominated industry. But it should be noted that several of our objectives were achieved in 2018, which indicates that our positive approach to fulfilling them did yield results.

DAVA Agravis International Holding A/S and Vilomix Holding A/S have both recruited new members of the under-represented gender to their Supervisory Boards, and have therefore both fulfilled their objective in 2018.

The same applies to Dansk Vilomix A/S, that not only fulfilled its objective in 2017 and 2018, but has also over-achieved it.

Board composition for the other subsidiaries continues to be an expression of management representation, and no changes have been made.

SUBSIDIARIES	MEN	WOMEN	TOTAL	PERCENTAGE OF UNDER-REPRESENTED GENDER	TARGET NUMBER	PERIOD
DANISH AGRO MACHINERY HOLDING A/S	3	0	3	0 %	33 %	End of 2022
DANISH AGRO MACHINERY A/S	3	0	3	0 %	33 %	End of 2022
DA AGRAVIS MACHINERY HOLDING A/S	4	0	4	0 %	25 %	End of 2022
DAVA INTERNATIONAL HOLDING A/S	5	0	5	0 %	20 %	End of 2022
DAVA AGRAVIS INTERNATIONAL HOLDING A/S	4	1	5	20 %	20 %	End of 2022
VILOMIX INTERNATIONAL HOLDING A/S	5	0	5	0 %	20 %	End of 2022
VILOMIX HOLDING A/S	3	1	4	25 %	25 %	End of 2022
DANSK VILOMIX A/S	2	1	3	33 %	25 %	End of 2022
HATTING A/S	3	0	3	0 %	25 %	End of 2022
DAN AGRO HOLDING A/S	5	0	5	0 %	20 %	End of 2022
HEDEGAARD A/S	3	0	3	0 %	33 %	End of 2022
DAVA FOODS HOLDING A/S	5	0	5	0 %	20 %	End of 2022
DAVA FOODS DANMARK A/S	3	0	3	0 %	25 %	End of 2022
DLA AGRO A.M.B.A.	7	0	7	0 %	14 %	End of 2022
SCANOLA A/S	5	0	5	0 %	20 %	End of 2022



We have also worked proactively towards our goal of appointing more women within management, and a policy for the management team has been finalised. It is designed to improve representation of the minority gender within the management of the Danish Agro group in line with Section 139a, subsection 1 (2) of the Companies Act.

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

1. Group executive board 0%
2. Group management, including staff 0%
3. Company management within group 23%

Compared to last year, the proportion of women in management positions within the group has increased.

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

- Ensure that its personnel policies promote gender equality within all career opportunities, including for employment procedures and recruitment.
- Ensure that female and male candidates apply for internal and external management vacancies as far as possible.
- Provide internal training and career development designed to develop the talents of men and women.

Furthermore, in relation to human rights, Danish Agro's subsidiary DAVA Foods increased its focus on CSR in 2018, because of its engagement in the Victory Nursery School in Tanzania, among other things. The school is open to children between the ages of four and eight. The objective is to provide a safe, stable everyday life for them, which can help prevent social problems such as criminality and alcoholism, prepare them for secondary school and thus an escape from poverty.

The project is long-term and constantly monitored. DAVA Foods sponsors 1/3rd of the entire project, which ensures that over 100 children receive a daily meal and permanent facilities. Project partners are the FeEdAC (Feed and Educate African Children) foundation.

MAJOR RISKS RELATED TO HUMAN RIGHTS

The major risks related to human rights are linked to gender composition on Supervisory Boards and management posts in the group, as Danish Agro operates in a male-dominated industry, making it difficult to attract women to board and management posts.

The group is aware of the problem, and is working actively using objectives and policies to enhance the proportion of the under-represented gender in board and management posts.

LABOUR RIGHTS

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 seek to offer an attractive, exciting, efficient and involving workplace for all group employees. That means that we will provide a multifaceted and inclusive workplace, offering opportunity for everyone.

Our employees will be at liberty to progress in their job, and we develop leaders who can inspire their staff to perform at their best. We work constantly throughout the group to ensure effective work processes.

We focus hard on creating a safe, healthy working environment, and offering competitive terms for our employees. In particular, we offer working conditions that comply with the law, relevant guidelines and the standards of the UN Global Compact.

Danish Agro also has a standing working environment committee to ensure the best working conditions for all our employees.

Another enhancement here is the coordination committee, on which the management and employees are both represented, and charged with supporting job satisfaction and dialogue throughout the group.

ACTIVITIES AND RESULTS

Danish Agro is a member of the GLS-A employer's federation. Membership acts as a guarantee for decent conditions for the company's employees via collective and local wage agreements.

The group's HR function continued to build on its work over the last few years on a process designed to strengthen executive performance through training, workshops etc. The objective is to enhance our commercial activities and support the group management in terms of change management, communication and employee relations.

We continued to focus on the group's trainee programme in 2018, aimed at young people with an agricultural background interested in training to sell in the wholesale sector. Two trainees completed the course in the summer of 2018, one of whom was offered a full-time job in Danish Agro.

Five new trainees started in September 2018, bringing the total up to seven. They follow a specially-designed apprenticeship programme focusing on either pigs, cattle, plant breeding, poultry or logistics, taking them into every aspect of the agribusiness industry.

The programme features spells on internal courses and postings within the parent company and subsidiaries where the focus is 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 courses at academic institutions give young people an excellent grounding, something the Danish Agro apprenticeship supplements with commercial skills and practical experience. Danish Agro intends to take on a further three trainees in 2019.

We also recruited several students from vocational education, including two office trainees, three trainee truck drivers, two retail trainees and a trainee media graphic artist. As is the case with our own apprenticeship programme, we believe we have a responsibility to share our know-how and experience with young people whilst giving them a better chance of getting established on the job market at the end of their studies.

Danish Agro's subsidiary Hattung received Billund Municipality's social activity award in December 2018 for its work on helping socially deprived people find a job.

Part of Hattung's CSR strategy involves a certain percentage of its working hours being dedicated to either students, practical experience or to 'flexijob' working. The objective is to practice social responsibility and to give a helping hand to those who otherwise find it hard to enter into gainful employment.

Hattung's Billund branch has done exceptionally well in terms of taking in and integrating this group as their colleagues, gaining richly-deserved recognition in the form of the CSR award.

To ensure better, more efficient working processes for our workforce, Danish Agro started installation of vacuum suction in our warehouses in 2018. The system is installed in the ceilings and makes sacks easier to handle, as the vacuum suction pipes do

most of the lifting work. Less heavy lifting protects backs and improves the process of working with sacks in general.

To further protect our warehouse personnel, we bought stacker trucks to pack pallets in 2018. Efficiency is improved and workers are physically protected, as the stackers are easier to get in and out of compared to an ordinary forklift truck.

Our subsidiary Baltic Agro has joined forces with Trioplast, a manufacturer of polythene sheet for wrapped bales in Estonia and Lithuania to take part in the Pink Help campaign, designed to raise money for and awareness of breast cancer.

The campaign is part of the Do Not Delay awareness programme for breast cancer. A number of farmers took part by donating money and wrapping bales in pink plastic with the aim of generating awareness for the campaign due to the eye-catching colour. As a result of the campaign's collection, 382 women in Estonia and 697 women

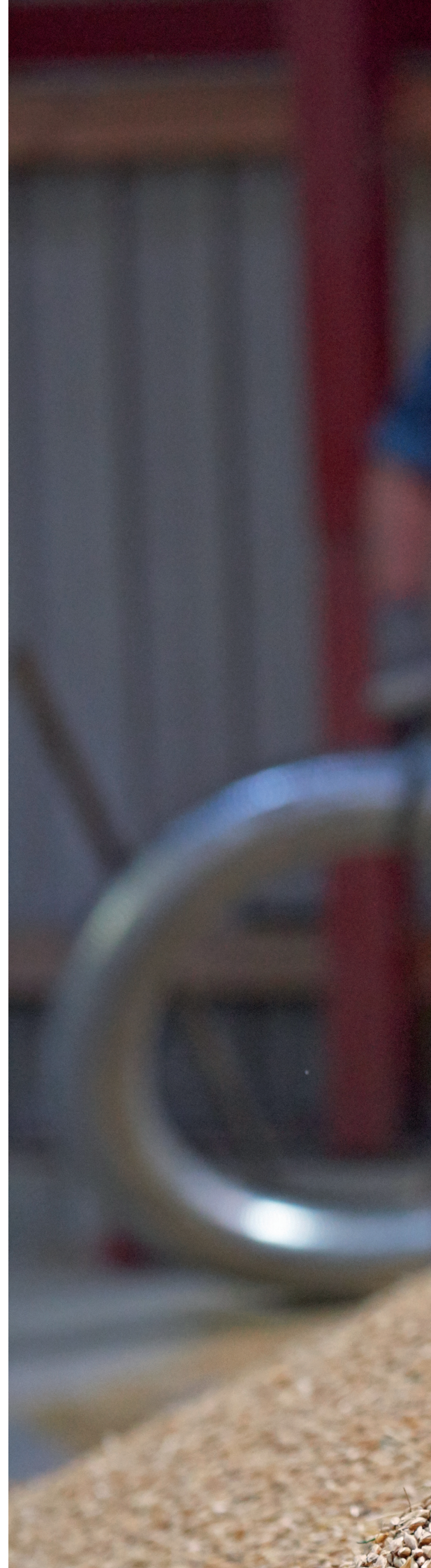


in Lithuania could be given a free check-up, which would otherwise have required payment or health insurance. The campaign also raised such awareness of breast focus that visits to mammography buses increased by up to 80%.

MAJOR RISKS RELATED TO WORKERS RIGHTS

The major risks related to workers' rights concern possible dissatisfaction with their jobs. Prevention is in the form of such measures as Danish Agro's working environment committee, which ensures optimum working environment conditions for our workforce, and the group also has a cooperation committee, on which workers and management are represented and which is charged with enhancing job satisfaction and dialogue in the group.

The group's HR function also continued a process designed to strengthen management's effectiveness through such measures as training and workshops, with the aim of supporting group management in terms of change management, communication and employee relations.







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 – not least in the communities in which the group is active. We encourage sustainable processes within the group and consistently discuss environmental challenges with other stakeholders.

Otherwise, we will focus on saving energy and cutting material consumption by constantly monitoring and adjusting the way we operate. We comply with all relevant legislation and requirements and take a proactive approach to the principles of the UN Global Compact.

ACTIVITIES AND RESULTS

Corporate social responsibility and care for the environment are integrated into the way we do business. Without a sustainable development of society, we cannot run a productive, competitive and efficient business.

We have clear procurement criteria (codes of conduct), which our suppliers sign, and that help

ensure that rules, corporate and environmental responsibilities are all observed. We also work actively on cutting our need to import such commodities as soya beans used as a source of protein in feed production.

Danish Agro's subsidiary, Nordic Seed, is experimenting with the use of broad beans, locally produced in Denmark, as an alternative source of protein for feed production to replace soya beans, which will benefit the environment and society. The objective of the project Nordic Seed is part of is to produce new varieties of broad beans in this country that will make local production economically viable, reducing the need to import soya bean protein.

Other measures designed to help the environment are being implemented by our Finnish subsidiary Hankkija Oy. For example, the number of 'demo parcels' on the trial fields used in Hankkija's growth programmes has risen by 40%.

The trial fields help develop more productive and eco-friendly ways of cultivating different crops. Hankkija is also working with the Baltic Sea Action Group (BSAG), with the common objective of minimising emissions of phosphor and nitrogen from the fields, which can drain into the Baltic.

Hankkija is working with Yara Suomi Oy and the 4H organisation on a campaign to encourage the re-use of plastic bags in the interests of the environment. This year's collection yielded 680,000 kilos of plastic bags. The campaign uses hundreds of young 4H members at 250 different locations where plastic bags are collected. The campaign has been a success ever since 1975.

CONTINUED FOCUS ON ENERGY EFFICIENCY IN 2018

We have drawn inspiration from the UN's 17 Global Goals, also known as the Sustainable Development Goals (SDG), as demonstrated by our focus on energy savings as defined by goal no. 7, concerning Affordable and Clean Energy.

The Danish Agro group concentrates consistently on our environmental footprint, focusing heavily in recent years on energy saving measures in Denmark, including our climate partnership agreement with the Danish energy provider, Ørsted A/S. The agreement commits Danish Agro to reduce energy consumption by our Danish companies over the next few years.

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. We will be running the projects set up by Ørsted at the speed possible for the group over the next few years.

We will be focusing on profiling the effect of the energy-saving measures we realise during the year, rather than on the energy consumed. This is because our energy consumption will depend to a considerable degree on the weather, over which we, of course, have no control. In years with high rainfall, for example, more corn will have to be dried, causing high energy consumption compared to years with lower rainfall.

We changed our lighting to energy-efficient LED lights in all Danish Agro Shops in 2018 and will continue our efforts to switch to LED lights at other locations.

We have also been investing in forklifts that run on electricity rather than gas or diesel, giving considerable CO₂ savings and less noise. Keeping energy saving accounts when we replace or renew machinery and materiel makes a big difference in relation to achieving our objective of cutting energy consumption, and we will continue in 2019.

Another aspect of Danish Agro's focus on energy savings is training courses for our Danish drivers. All our Danish truck drivers attended a course at Scania Denmark's Driver Academy in 2018. We expect savings of around 10% on fuel and a considerable reduction in CO₂ emissions from our trucks as a result.

We also started the construction of a new bio-energy plant in 2018, located at Skamby, on the island of Funen. The leftovers from corn production will be gathered here and used as fuel to generate energy instead of being destroyed. The new bio-energy plant was started up in December 2018, and hereafter it will help maintain our continued focus on energy saving. The long-term plan calls for the energy-saving measures above to be rolled out to the rest of the group.

FOOD SAFETY AND QUALITY

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

For us, quality-assurance concerns the quality of feeds and food products. The criteria applied by the authorities and the standards we have chosen to be certified to become stricter every year. They are, of course, intended to improve food and feed quality for humans and animals.

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 facilitates the same level of free trade between group companies and the ability to operate on national and international markets.

The volume of organic production in Denmark within the pet and plant sectors grew considerably in 2018, as did the amount sold by Danish Agro and on our neighbouring markets. That results in increasing pressure on the availability of organic ingredients at home and abroad. Unfortunately, such demand gives rise to falsification of ingredients, which only increases the requirements for supplier approval and inspections on arrival.

We document quality assurance within organic feed for egg-laying chickens by certification according to KAT (Verein für Kontrollierte Alternative Tierhaltungsformen e. V.) to be able to be part of the chain supplying products to Germany.

Danish Agro also supplies VLOG-certified feeds and ingredients. Dairy product producers in Denmark especially want non-GM feeds.

MAJOR RISKS RELATED TO THE ENVIRONMENT AND CLIMATE

The major risks related to the environment and climate are linked to the group's energy consumption and use of ingredients for e.g. feed production. Danish Agro is focusing on continued implementation of energy-optimised initiatives and choice of ingredients and carefully monitors selected areas.



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

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

In the Danish Agro group we focus on integrity when we generate commercial results. In other words, we apply high standards to our business ethics along the value chain and throughout the group.

We strive to provide transparency in our business decisions and practices based on our value set when dealing with dilemmas. We abide by all applicable laws and adopt a proactive approach to the principles of sustainability in the UN Global Compact.

ACTIVITIES AND RESULTS

All Danish Agro group employees work according to a predetermined set of internal competition rules. 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.

All group managers sign a declaration that they will abide by our internal competition rules as part of their contract of employment. The objective of such legislation is to protect free enterprise in a healthy, competitive economy, which is essential to Danish Agro's business.

Furthermore, we have hired a group policy compliance officer to cement our internal competition rules and compliance work. We did not detect any violation of competition legislation among our companies in 2018, which we regard as very positive.

Danish Agro will not accept unethical business practices.

MAJOR RISKS RELATED TO ANTICORRUPTION

The major risks related to anticorruption are contingent on the group's use of suppliers that fail to observe national legislation and internationally-recognised standards and conventions.

That's why all group managers sign a declaration as part of their contract of employment that they will observe our internal competition rules. We also continuously promote those rules internally, and compliance is enhanced via the recruitment of a Compliance Manager responsible for the entire group.



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