

UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2020



ABOUT THE DANISH AGRO GROUP

Danish Agro is an independent cooperative-based company owned by around 9,000 Danish farmers. Danish Agro was founded in 1901 and today it is one of the largest and most significant agribusiness groups in Northern Europe.

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

Danish Agro is a member of FEFAC and DAKOFO which is the trade organisation for grain and feed-stuff trading in Denmark and is also a member of the Danish Agriculture and Food Council trade industry association.

The group mainly deals with the selling of feed mixes, ingredients and vitamin mixes, fertiliser, plant protection, seeds and energy plus the purchase of

crops from farms. In addition, the group represents a number of strong machinery brands for agriculture and operates an extensive chain of hobby and leisure retail stores.

This report covers a number of policies. These policies have all been adopted by the entire Danish Agro group and thus also apply to all subsidiaries.

This report is the Danish Agro group's sixth Communication on Progress report and serves as the group's mandatory report on Corporate Social Responsibility (CSR) pursuant to Section 99ab of the Danish Financial Statements Act for the 2020 financial year.

The Danish Agro group's approach towards CSR is anchored in a CSR policy approved by the group's management team.



FOCUS ON SUSTAINABILITY

In the Danish Agro group, we endeavour to live up to our social responsibility by running our business profitably and sustainably and by integrating financial, social, environmental and ethical considerations into our production and processes. We wish to ensure sustainable development of our business activities, and put extra emphasis on prioritising high-quality products, high delivery reliability, limited consumption of resources and consistent sustainable development throughout our value chain and in dialogue with our stakeholders.

Danish Agro has signed the UN Global Compact and fully supports the UN guidelines for human rights and commerce. We make every effort to integrate these principles in our business and value chain based on the UN's Sustainable Development Goals (SDGs), the UN Global Compact's 10 principles and a code of conduct for suppliers.

In addition, Danish Agro shares the Danish Agriculture and Food Council's vision of climate-neutral foodstuffs by 2050 - which means that by that date the foodstuffs sector shall not emit more greenhouse gases than it captures. We are currently in the process of developing a number of concrete action plans and targets to ensure that we contribute to achieving this vision. This will be through our own initiatives plus partnerships with farmers, organisations and companies, and we will need to find a financially viable route to climate-neutral production of foodstuffs.

In general, in relation to climate and the environment, we are focused on reducing our environmental footprint as much as possible. We are working with a number of projects, including energy efficiency to reduce our impact on the climate and environment.

In terms of social responsibility, we are focused on an employee policy which puts emphasis on education, safety and a good working environment.

With our suppliers, we want to have a constructive and innovative dialogue based on the principles of human rights and rights on the workplace. In that connection, we are also focused on health and a good working environment, and we do not tolerate child labour or forced labour.

Our trainee programme continues to be an important focus area, and here we assume direct responsibility for young people and give them a good start in the agribusiness sector, among other things, by

giving them skills and sharing our knowledge and experience with them.

In our business practice, we counter all forms of corruption, including blackmail and bribery, and our business activities are conducted in accordance with all relevant local, national and international laws and regulations. In addition, trade on the world market takes place in free competition and in accordance with applicable competition laws. Trade restrictions issued by the United Nations are respected.

We look forward to continue working 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 the company. This means that we respect and support international agreements on human rights.

In Danish Agro, we do not accept child labour or forced labour, and we respect employees' rights to free choice of unions and their right to participate in collective bargaining.

Throughout the group, we also comply with applicable standards concerning working hours. In addition, we ensure that wages are in line with legislation and branch standards in the countries where we have activities.

Furthermore, Danish Agro continues to have a focus on diversity and ensuring diversity in the Supervisory Board and executive positions.

ACTIVITIES AND RESULTS

In Danish Agro, we believe that by maintaining our policies on human rights in 2020 we made a positive contribution to respecting human rights in the workplace, and we encountered no breaches of those rights in our business in 2020.

The Danish Agro group's support and respect for international conventions on human rights is internally reflected in our organisation, among other things, in our HR policies. Externally, it is reflected in the trading activities and partnerships we enter into internationally.

Thus, in 2020 we continued working with risks in the supply chain, for example, the purchase of soya from South America. The South American soya which is used in feed in animal production in Denmark has to be produced under responsible conditions. Among other things, this involves avoiding repression and discrimination against workers and the use of child labour, and ensuring freedom to unionise. In addition, the international rules for the use of pesticides must be respected, and production of food vulnerable areas avoided. Therefore, Danish Agro has contractual requirements stating that soya for feedstuffs must comply with a number of criteria for responsible production. This is done on the basis of industry-defined purchasing criteria that have been agreed upon throughout the Danish agricultural sector.

Regarding additional initiatives for human rights, it was decided at Danish Agro's annual general meeting on 5 March 2019 to introduce a delegated assembly which, among other things, is now responsible for selecting the company's Supervisory Board.

The newly elected delegated assembly met for the first time at the start of 2020 and selected the members for Danish Agro's Supervisory Board.

With this new delegated assembly, Danish Agro is strengthening democratic representation across regions, types of operations and competences among the company's members. At the same time, the delegates contribute to strengthening Danish Agro's ability to manage the interests of its members in a manner that is broader and representative.

At the same time, throughout the organisation, active work continues with ongoing targets and policies for the gender composition of the management team and reporting on gender equality issues. At present, all of the six members of the Supervisory Board are male, but this should be viewed in the context of Danish Agro operating within a male-dominated sector and it is generally difficult to attract female candidates for board posts and executive roles in the agribusiness sector. It is therefore very positive that among the 42 members of the new delegated assembly four women were elected.

Danish Agro believes in a diverse Supervisory Board, and this also applies to the gender composition of the board. Diversity must be a priority, but it should not be prioritised at the expense of competences. Danish Agro's Supervisory Board will continue working to increase diversity among its ranks, and the objective for the gender composition for Danish Agro's Supervisory Board is that by no later than at the annual general meeting of 2022, the current distribution must be 17% for the under-represented gender (meaning at least one woman on the board). This figure has been increased from 15 percent in

2019, as the number of board members was reduced from nine to six with the introduction of the delegated assembly. The target was not reached in 2020 as no new people have joined the board.

The above target only concerns the regionally elected and externally elected board members. The employee-elected board members are not part of this target.

The composition of boards of subsidiaries is based on a group evaluation of how to best support the group's strategy. Therefore, the boards of subsidiaries are often composed of members of the group management team of Danish Agro a.m.b.a and representatives from the ultimate owners. In addition, the boards also include representatives of external minority shareholders.

Danish Agro has set the following targets (see the table on page 7) for the proportion of the under-represented gender on the Supervisory Boards of the group's subsidiaries and this work is, among other things, inspired by the UN's Sustainable Development Goals. A sub-goal under Goal 5 is gender



equality, including ensuring that women have full, effective participation and equal opportunities for holding management positions on all decision-making levels, and this is also the case at Danish Agro.

Targets have been established for the group's large Danish businesses, and also reflect that fact that the subsidiaries are also operating in a male-dominated industry. However, we are pleased to note that in addition to Dansk Vilomix A/S, Hatting A/S also met the target in 2020 for the under-represented gender on the Supervisory Board.

For the other subsidiaries, the composition of the boards continues to be an expression of management representation.

There has also been active work with the target to achieve more women in Danish Agro's management after a policy for women in Danish Agro's other managements was prepared. The policy is aimed at improving the under-represented gender's representation on the Danish Agro group's management team, cf. The Danish Companies Act, Section 139(a)(1)(2).

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

1. The group Executive Board 0%
2. The group management team, including staff 0%
3. Company management in the group 30%

Compared to the previous year, the proportion of women in the group company management has increased, and this is mainly due to the total number of managers having been reduced.

The activities mentioned below were implemented in order to increase the proportion of the under-represented gender in management roles.

At Danish Agro, we want to:

- Ensure that Danish Agro's personnel policies promote equal career opportunities for men and women in all ways, including in connection with the company's employment procedures and recruitment processes.
- Ensure that, as far as possible, there are both male and female candidates for both internal and external recruitments for senior roles.
- Ensure internal education and development processes are in place in order to develop the talents of both men and women.

In addition, in 2020 in relation to human rights issues, Danish Agro's subsidiary Baltic Agro in Estonia participated in a campaign aimed at promoting men's health for the third year in a row together with Men's Clinic at the University of Tartu and Trioplast. Young artists participated in the 2020 campaign and decorated some of the bale wrappings which helped to increase media interest. In relation to the campaign, funds were collected to support mobile medical clinics in different regions across Estonia.

Danish Agro's subsidiary, Baltic Agro in Lithuania, also continued the work of previous years with human rights in 2020. In 2020, the company actively participated in the breast cancer campaign by supporting the Nedelsk project, using air balloons to increase awareness of the disease. From June to October, there were 85 air balloon flights in Vilnius, Trakai, Šiauliai, Kaunas, Molėtai, Panevėžys and Klaipėda.

Major risks related to human rights

The main risks related to human rights are linked to the gender composition of board posts and management positions in the group. This is because Danish Agro operates in a male-dominated industry, and therefore it is difficult to attract women to board posts and management positions.

In the group, we are aware of this challenge and work actively throughout the group with targets and policies to promote the proportion of the under-represented gender in board posts and management positions.

If these risks are not managed, the consequence may be that we are unable to meet the target for diversity in the Supervisory Board and in the group's management positions.

At the same time, these risks also affect suppliers in the value chain. If these risks are not managed, the consequence may be, for example, that the soya purchased in South America is not produced under responsible conditions.

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
DV INTERNATIONAL HOLDING A/S	5	0	5	0%	20%	End of 2022
DV AGRAVIS INTERNATIONAL HOLDING A/S	5	0	5	0%	20%	End of 2022
VILOMIX INTERNATIONAL HOLDING A/S	5	0	5	0%	20%	End of 2022
VILOMIX HOLDING A/S	4	0	4	0%	25%	End of 2022
DANSK VILOMIX A/S	2	1	3	33%	33%	End of 2022
HATTING A/S	4	1	5	20%	20%	End of 2022
DAN AGRO HOLDING A/S	3	0	3	0%	33%	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%	33%	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

WORKERS' 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

Within the Danish Agro group, we work hard to provide an attractive, exciting, efficient and inclusive workplace for all our employees. In practice, this means being a versatile and inclusive workplace with equal opportunities for all.

We create the space needed for our employees to develop themselves in their jobs and we develop managers who inspire employees to perform at their best. Across the group, we are also constantly working towards ensuring effective work processes.

Our focus is on creating a safe and healthy working environment and offering competitive conditions for our employees. Not least, we offer working conditions that comply with legislation, relevant guidelines and take into account the standards of the UN Global Compact.

In addition, we have a working environment committee in Danish Agro that ensures optimal working environment conditions for our employees. The group also has a cooperation committee where both the management and employees have representatives and which works towards promoting well-being and dialogue in the group.

ACTIVITIES AND RESULTS

Danish Agro is a member of the employer organisation GLS-A, which serves as a guarantee that our employees work under proper conditions via collective agreements and local agreements.

In 2020, the HR team has continued working with a process to promote effective leadership in the group via, among other things, training and workshops. The objective is to strengthen the initiatives related to the commercial activities and to better equip the Danish Agro group's managers to deal with change management, communication and HR matters.

Danish Agro's traineeship programme continues in 2020. The trainee programme is for young people with an agricultural or sales background who want to take a sales-focused training programme in the agribusiness sector. Four trainees completed the programme in the summer of 2020 and three have subsequently been hired for a full-time position in Danish Agro.

A new trainee started the programme in 2020 and there is now a total of five trainees at Danish Agro. They follow tailor-made programmes focusing on either pigs, cattle, plant breeding, poultry or logistics and they come into contact with all corners of the agribusiness sector. The programmes alternate between internal courses in the group and postings in both the parent company and subsidiaries, and the focus is on sales.

At Danish Agro, we believe that we have a responsibility to share our knowledge and experiences with the young people who are interested in the agribusiness sector. The agricultural study programmes provide the young people with a very good professional ballast, and it is this knowledge that Danish Agro uses the trainee programme to supplement with commercial competences and practical experience. In 2021, the plan is to get another four or five trainees to join Danish Agro.

In addition, at Danish Agro we also have a number of student workers and apprentices from the vocational study programmes, including four freight driver apprentices, two fuel truck driver apprentices,

one warehouse and logistics apprentice, two media graphics apprentices, an office apprentice and one warehouse and terminal apprentice. Furthermore, in 2020 we have also had a number of interns working in several different departments of Danish Agro. As with our trainee programmes, here Danish Agro also believes that we have a responsibility towards our student workers, apprentices and interns to share our knowledge and experience with the young people while also providing them with a better basis for getting their foot in the door to the labour market after they complete their study programmes.

When it comes to employee rights, Danish Agro's Finnish subsidiary Hankkija also joined the "Responsible summer job employer" initiative in 2020. The initiative deals with companies' responsibility to employ young people and offer them a meaningful summer job and a good work experience. Under this initiative, Hankkija employed around 350 people over the summer of 2020.

Major risks related to worker's rights

The main risks related to workers' rights are related to the lack of job satisfaction at work. This is addressed via, among other things, Danish Agro's working environment committee which ensures optimal working environment conditions for our employees. Additionally, the group also has a liaison committee where both managers and employees are represented and which is aimed at promoting well-being and dialogue throughout the group.

In 2020, the group's HR department has also continued working on a process aimed at strengthening leadership in the group via, for example, training and workshops. Here, the goal is also to better equip Danish Agro group's managers to deal with change management, communication and HR issues.

If these risks are not managed, the consequence may be a lack of employee job satisfaction that can lead to sub-standard working environment, stress and high rates of sick leave. These are factors that can have a direct impact on the bottom line.





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 wishes to reduce the company's environmental impact as much as possible - especially locally in the areas the group operates in. In practice, this means that we promote sustainable processes in the group and are in constant dialogue with stakeholders about environmental challenges.

In addition, we are focused on saving energy and reducing our consumption of materials by continually monitoring and optimising our operations. We also comply with applicable legislation and relevant requirements from the world around us and also actively take into account the principles of the UN Global Compact.

ACTIVITIES AND RESULTS

Social responsibility and caring for the environment are integrated elements of Danish Agro's business. As an agricultural business, Danish Agro is very conscious of the need to reduce the impact of the group on the environment and climate. It is a joint responsibility to ensure sustainability and, of course, we accept our share of the responsibility.

In the Danish Agro group, we have defined purchasing criteria and codes of conduct that our suppliers are obliged to sign, and this helps to ensure compliance with regulations and our social and environmental responsibilities.

At Danish Agro, we are also inspired by the UN's 17 SDGs. Among other things, this is expressed via our focus on energy efficiency - which is under SDG 7, concerning sustainable energy.

The Danish Agro group is thus continually focused on our environmental impact, and in the last few years, we have also been focused on energy efficiency in Denmark. We have completed a number of energy-saving initiatives and the effects are included in this report. It should be noted, however, that to a large extent our energy consumption is influenced by the weather, and it goes without saying that the weather is outside of our control.

In a year, for example, with the large amounts of precipitation there will be more of a need to dry grain after the harvest and thus more energy will be consumed compared to years with less rainfall. Therefore, we are focusing on highlighting the effect of the energy-saving initiatives that we have realised over the year, rather than focusing only on the consumption of energy.

At the same time, in 2020 Danish Agro also worked with the Danish food industry's ambition to achieve climate-neutral food production in 2050. The vision was defined by the Danish Agriculture and Food Council in the spring of 2019.

For Danish Agro, it is an independent point that the objectives of the whole industry are also the Danish Agro group's objectives. We can only make a real difference if we work together with all of the other actors in the value chain and if this cooperation is based on common and obligatory targets. Danish Agro is fully in agreement with the Danish Agriculture & Food Council when they state that the most important thing is to cooperate to find an economically viable way of achieving climate-neutral food production.

Our work with climate and sustainability follows two lanes:

- Climate-neutral food production in 2050 - common objectives for the industry
- Energy-efficient food industry - our own initiatives

Danish Agro actively supports the Danish Agriculture & Food Council's climate objectives through a series of initiatives.

Danish Agro is participating in a working group, together with Arla, Danish Crown, DLG and Seges to identify the opportunities for developing a standardised and internationally recognised climate tool to be used to measure Danish Agriculture's climate footprint. This is an important instrument that creates the right conditions in order to be able to prioritise and identify areas for action.

It is Danish Agro's vision that this climate tool becomes a standardised, binding solution that applies to all players in the value chain. It must be a solution that can measure the whole of the farmer's operations - in the field and in the cowshed / pigsty - so he doesn't have to relate to several tools and certifications.

Danish Agro is also working in multiple lanes to ensure a more sustainable protein supplement for animal feed for the livestock producers. Danish Agro is, among others, represented via the Danish Agriculture & Food Council and DAKOFO in Dansk Alliance for Ansvarlig Soja (Danish Alliance for Responsible Soya, facilitated by Dansk Initiativ for Etisk Handel -



the Danish Ethical Trading Initiative - DIEH), which has brought together a range of players across the value chain to discuss sustainable soya imports. Danish Agro is actively working to investigate initiatives that reduce the environmental impact of the protein used in our feed production.

Danish Agro is also actively working to reduce the dependence on protein imports for the production of feed from non-EU/EEA countries. This is done, among other things, through the processing of different protein crops, including broad and field beans in the group's seed corn processing company, Nordic Seed.

In 2020, Danish Agro launched a new organic cattle feed concept, where the main ingredient is protein produced in Denmark. This new cattle feed concept, Logi Kvæg Beany, is produced based on a principle of local production, as the broad beans and grain, bran and peas are generally speaking of purely Danish origin. The other protein ingredients in the feed concept such as rapeseed, rapeseed expeller, sunflower expeller and grass products may originate from other European countries, however.

In 2020, Danish Agro also launched a new feed mix for chickens for meat production with Danish-produced peas that will result in annual CO₂ savings of approximately 4,500 tonnes. These savings result from the fact that the soya bean meal that is used for protein in the feed is now replaced with Danish-produced peas.

The Danish-produced peas have a lower CO₂ impact than the soya bean meal that was previously used, and this has a major impact, as Danish Agro produces many tonnes of chicken feed each year.

Furthermore, in 2020 Danish Agro, DLG and DLF also entered into a partnership to establish a new protein plant aimed at producing environmentally friendly protein products. This new protein plant will produce grass protein with a strong environmental and climate profile.

The objective is for the grass protein to at length replace part of the soya that the agricultural sector uses in its feed today. The project is supported by Grønt Udviklings- og Demonstrationsprogram (GUDP - a Danish scheme supporting innovation), which in the autumn of 2020 pledged DKK 14 million.

In addition, in 2020 Hedegaard A/S, in partnership with two other actors, established Dansk Biofiber og Gødning (DBG - Danish Biofibre and Fertiliser), whose purpose is to utilise the residual and waste products from plant and animal farming.

The new company will thus be utilising old stocks of biomass, deep litter products and dry components from liquid manure and process these components in order to resell them to biogas plants. DBG will then take the dry components back after they have been used by the biogas plants, based on the idea of circular economics.

The expectation is that DBG will create value from the unexploited potential involving the collection and subsequent utilisation of nutrients and de-gassed biomass. One of the major focus areas is to develop and produce fertiliser for both conventional and organic farmers. In addition, it is planned to produce bedding straw and Danish-produced sustainable and certified biofuel. The facility is expected to be ready for testing and development at the start of 2021.

In 2020, Danish Agro's Finnish subsidiary, Hankkija, once again joined Yara Suomi Oy and the 4H organisation in a campaign aimed at collecting plastic bags for recycling to help the environment. At over 250 collection spots there was collected over 673,000 kilos of plastic bags. The campaign thus works with hundreds of young 4H members and has been doing so since 1975.

In 2020 the group also continued working with Unibio, which is a company developing a new and climate-friendly protein that is based on sub-cultured bacteria from the ocean floor. The product is called Uni-protein, and Danish Agro is participating in a major trial together with Unibio and AU Foulum, which is a part of Aarhus University and the Technical University of Denmark, who will identify the possibilities for the use of the product. The hope is that it can replace other protein sources that have a greater impact on climate in feed production.

In addition to partnership projects to ensure climate-neutral food production, Danish Agro is working continually to optimise and streamline the company to save costs and reduce the impact on the environment.

In 2020, we achieved our designated targets of reducing our total consumption of diesel in Denmark by 5%. This has been accomplished via several initiatives, including optimised planning processes, environmentally friendly driving, a new tire strategy and new and more environmentally sound trucks.

We also continued working with our focus on energy efficiency in 2020. Among other things, energy efficiency is to be improved via logistical changes, so that we increasingly reduce the need to drive with

empty trucks - in other words, we are minimising the “wasted” trips and making better use of our capacities. From a purely logistical point of view, we have moved a number of mineral products to other closer locations.

This allows us to reduce fuel consumption and thus reduce our CO2 emissions from our trucks, as our trucks will not need to travel as far to pick up and deliver the relevant products. With this initiative, we have reduced our CO2 emissions by 130 tonnes in 2020.

In this context, we have also optimised our product transport maps in 2020 so that more of the group’s Danish companies transport goods at the same time based on the same product transport map. Furthermore, with this new product transport map we are better able to combine orders for certain areas and thus optimise the logistics for where and when we deliver in Denmark.

As part of this same initiative, we have coordinated the logistics for some of the products so that, for example, minerals from Danish Agro’s subsidiary Vilomix are now transported directly from where they are produced at Vilomix in Lime. Overall, this has the effect of the goods being transported over shorter distances and this results in us using less diesel fuel and thus reducing the CO2 emitted by the trucks.

Back in the spring of 2019, Danish Agro’s new biofuel plant in Skamby on north Funen became operational. Among other things, this biofuel plant uses residual products from Danish Agro’s grain production and the steam from the plant furnaces is conveyed via pipes to Danish Agro’s feed factory which is located right next to the biofuel plant.

The steam is used to produce feed at the factory, resulting in less need for natural gas. In 2020, the biofuel plant became fully operational, and this has resulted in a total reduction of natural gas of 94% at the factory in Skamby. This amounts to savings of 750 tonnes of CO2.

At the group’s production plant in Denmark, energy consumption in 2020 has also been reduced by 2% per produced tonne of feed compared to 2019 via a number of initiatives, including using gas exchangers and new pressure management tools.

The targets for reducing energy consumption in 2020 were not met, however, but this was due to the corona pandemic and the hacker attack that the Danish Agro group faced in the spring of 2020.

An additional initiative for the environment and climate is that Danish Agro is part of promoting the use of sustainable biomass products in Denmark. Danish Agro supports EUTR’s (the EU’s timber regulation), which forbids the selling and marketing of illegally cut timber in the EU, including wood pellets, wood chips and wood briquettes.

Danish Agro thus does not tolerate the selling and use of illegally cut timber. Danish Agro wants to promote the use of sustainable biomass products in Denmark, whether it be wood chips, wood pellets or wood briquettes.

In 2020, Danish Agro’s subsidiary, DAVA Foods, launched two products in Denmark with a sustainable profile, “The Sustainable Egg” and “Sunflower Eggs”. “The Sustainable Eggs” are special organic eggs coming from farms that focus on sustainability. The requirements include natural belt areas, beekeeping, and 100% home-grown unprocessed feed from the producers. In addition, the selected producers are assessed based on the internationally recognised RISE analysis. “Sunflower Eggs” are Denmark’s first eggs produced without using soya in the feed mix. Instead, soya has been replaced with, among other things, sunflower meal.

Food safety and quality

At Danish Agro, there is a strong focus on quality and food safety, and it is important for us to ensure that we produce high-quality products and maintain high food safety standards. Quality assurance at Danish Agro is about fodder and food safety and quality. The requirements for quality and feed and food safety from our customers, the authorities and the certification standards are continually growing. It is Danish Agro’s ambition to constantly ensure that improvements are made and that the expectations and requirements faced by us as a company are addressed.

Danish Agro wants to ensure a high quality throughout the entire value chain, from farm to table, via a certified quality management system that focuses on resource management, the production of safe products, validation, verification and ongoing improvements. In the Danish Agro group’s Danish companies, all agribusiness companies and support companies that produce and work with feed are GMP+ certified in order to ensure the free movement of feed and crops in Denmark and abroad.

Vilomix is certified by the FAMI-QS standard, which is a specific standard for vitamins and additives and

which allows for free trade between both companies inside the group and the opportunity to operate on both national and international markets.

For a number of years, the amount of organic produce (both animal and plant-based) has been increasing, and so has the amount sold by Danish Agro in the nearby markets. This was also the case in 2020, and thus there were some issues with sourcing organic ingredients both in Denmark and abroad. Unfortunately, this has also resulted in the falsification of certain ingredients, which in turn increases the requirements for supplier approvals and the controls made when receiving products.

In order to be part of the supply chain delivering to Germany, Danish Agro documents quality assurance in organic egg production feed by holding a KAT (KAT – Verein für kontrollierte alternative Tierhaltungsformen e. V.) certification.

Danish Agro also offers non-GMO feed and ingredients certified by the German VLOG standard. It is particularly the milk producers in Denmark that want to buy non-GMO feed.

Major risks related to the environment and climate

The main risks in relation to the environment and climate are associated with the group's consumption of energy and ingredients for, among other things, the production of feed. Danish Agro is focused on an ongoing implementation of energy-optimisation initiatives and the selection of ingredients and follows up on selected focus areas.

If these risks are not managed, the consequence may be that we emit more CO₂ which would be harmful for the environment.



THE DANISH AGRO GROUP HOLDS THE FOLLOWING CERTIFICATIONS:

ISO 9001

Management standard

ISO 17025 / ACCREDITATION

Requirement for testing laboratories

VLOG

nonGM-certification, Verband Lebensmittel ohne Gentechnik

KAT

Feed/products exported to Germany

GMP + B1, B2 OG B3

Management standard for production, sales, warehousing and transport

FAMI QS

Quality assurance for special feeds, vitamins, minerals and additives

REDcert

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

At the Danish Agro group, we are focused on ensuring integrity and competition law when creating our commercial results. In other words, we have strict requirements for business ethics across the value chain and across the group. We make every effort to ensure transparency in our business decisions and practices, and when faced with dilemmas, we act based on our values. We are in compliance with all applicable legislation and take an active-approach to the anti-corruption principle of the UN Global Compact.

Danish Agro does not tolerate unethical business practices.

AKTIVITETER OG RESULTATER

In 2020, we have continued to prioritise our focus on competition law. Danish Agro's group management team has signed a code of conduct which will contribute towards ensuring that applicable competition laws are complied with. At the same time, all employees at Danish Agro's purchasing company, DLA, will as part of their employment contract also sign a special annex concerning compliance with competition law guidelines.

The purpose of such laws is to maintain the freedom of action in a healthy and competitive economy, which is a basic pillar of Danish Agro's business operations. Scheduled audits, carried out by external auditors, ensure that the competition laws are complied with.

In addition, there have been ongoing communications about competition laws internally in the company, and there are also held seminars on competition law for DLA employees on an ongoing basis.

In 2020, we have not found any violations of competition laws among the group's companies.

Major risks related to anticorruption

The main risks related to anti-corruption work concern the group's use of suppliers that fail to observe national legislation and internationally recognised standards and conventions. Therefore, at the Danish Agro group, we have clearly-defined purchasing criteria and codes of conduct that our suppliers are obliged to sign, and this helps to ensure compliance with regulations and our social and environmental responsibilities.

If such risks are not dealt with, the consequence can be breach of legislation, standards and conventions, which can affect the relationships we enjoy with partners and Danish Agro's general reputation.

