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DLG GROUP CSR REPORT

Statutory CSR report in accordance with Section, 99a, Section 99b and Section 99d of the Danish Financial Statements Act



dlg

As a signatory to the UN Global Compact, we use this report to communicate annually about our CSR initiatives and results. It is our goal to be a transparent company that shares relevant information about our policies, action plans and goals, and we also give an account of the impact our company has on the world around us.

In the report, we take stock of developments over the past year in relation to the UN Global Compact and the statutory CSR statement, cf. the Danish Financial Statements Act, Sections 99a, 99b and 99d.

REPORTING

In this sustainability report, we report on the extent to which we lived up to our ambitions in 2021.

In future, the report will focus on the goals we have outlined in our sustainability plan 'Zero' and which relate to the following four areas:

- Climate & environment
- People & responsibility
- Agriculture of the future
- Responsible procurement

SCOPE

This report covers DLG's employees and the companies in which we have a controlling influence. Joint ventures, partnerships and other companies in which DLG does not have a controlling influence are not included in the reporting.

Danæg publishes a separate CSR report.

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INTRODUCTION

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"We are making a greater
commitment"

CLIMATE & ENVIRONMENT

PEOPLE & RESPONSIBILITY

AGRICULTURE OF THE FUTURE

RESPONSIBLE PROCUREMENT



SUSTAINABILITY REQUIRES ACTION

In 2021, we reached an important milestone with the launch of our sustainability plan in February. The plan not only sets goals and ambitions for how to reduce the impact of our own production and logistics operations. We also commit to making a difference by developing and commercialising concrete solutions for the benefit of our owners, customers and the world around us.

We are doing so because emissions from our own activities – Scope 1 and Scope 2 emissions – constitute a very small part of our total carbon footprint. In fact, the Scope 3 emissions – which cover indirect emissions outside our control – account for most of our carbon footprint by far. The Scope 3 emissions include, for example, the CO₂ emissions from the soy we import, from the grain we buy and sell, or from the energy we supply to end-users.

This means that we create the greatest possible positive change by delivering on the above commitment. In this CSR report, you will be able to read, for example, how we invest in alternative proteins for both animals and humans, work with energy transition and support research into concrete products that contribute to the green transition.

We are aware that, as a company, we must change the way we run our business and the products we offer to our customers in order to gradually reduce the size of our carbon footprint. We must shoulder this

responsibility while maintaining a high level of competitiveness, so that we have the muscle to make the investments which the green transition calls for. We see commercial opportunities in the sustainable transformation, and we are aware that sustainable development must go hand in hand with running a sustainable business – both at DLG, but also for our owners.

As an example of this, in the autumn, we announced that our German subsidiary, Team SE, will acquire a 25.1% stake in GP Joule Connect, which is working to establish infrastructure within green mobility, i.e. for hydrogen and electric vehicles. Having an infrastructure of electric charging points and hydrogen filling stations is vital to more people choosing to buy sustainable vehicles. At the same time, the investment is a step in the right direction for us towards transforming our energy business from fossil to renewable energy sources.

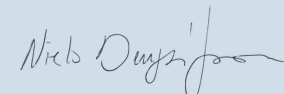
FOCUS ON PEOPLE

Our employees keep the wheels at DLG turning. In 2021 – a year in which our daily lives were again impacted by COVID-19 both at home and at work – DLG's employees once again delivered an outstanding performance. It demonstrates a high level of commitment and a strong will to succeed, despite the external circumstances that affect the world in which we live and work.

Their commitment, motivation and ambitious approach to their work are key to our business. This is something to be cherished. In 2022, we will therefore continue to work actively to increase employee engagement and well-being.

DLG must be a healthy and safe workplace, and we will therefore continue to focus on our employees' safety and working environment when developing our business. We know that well-being is crucial for job satisfaction and employee engagement, which is why it is a focus area for us.

A diverse and inclusive workplace has a positive influence on employee satisfaction, but it is also crucial for us being able to deliver on our business strategy. We believe that diversity and inclusion are important strengths that will be crucial for being able to attract employees in future. Consequently, we have worked extensively with the agenda over the past year, and have set goals to increase diversity on the Board of Representatives, the Board of Directors and in our management.



Niels Dengsø Jensen
Chairman of the Board of Directors



Kristian Hundebøll
Group CEO



BUSINESS AREAS

AGRIBUSINESS

Our Agribusiness covers crops, crop cultivation and animal nutrition as well as our egg and poultry activities. In addition to the Danish business, DLG has operations in Germany, Sweden, Poland, France, Finland and the Baltic countries.

DLG buys and sells crops and raw materials. Our crop cultivation activities cover everything from plant breeding, seed grain and fertiliser to crop protection products and agricultural lime. Within animal nutrition, we produce and sell compound feed and feed supplements for pigs, cattle and poultry.

Organic production is a separate business area within DLG.

SHARE OF EMPLOYEES



44%

MARKET OUTLOOK

In 2022, the Agribusiness area will continue to take a proactive approach to the market, and increase our competitiveness through cost adjustments and continued optimisation of the supply chain. We will also strengthen collaboration across the group on product development, among other things, and contribute to growth by rethinking our business model - for example by investing in digitalisation. In addition, we will grow the business through strategic investments in Denmark and abroad.

dlg

HaGe
Ihr Partner vor Ort

SVENSKA
FÖDER

Sejet
planteforædling

DANEG
INSPIRERENDE ERNÆRT

DanHatch
HOLDING

PREMIX & NUTRITION

DLG markets its Premix & Nutrition activities under the Vilofoss brand, which is one of Europe's largest producers of vitamins and minerals for livestock, with a total of 18 factories in Denmark, Germany, France, Spain, Belgium, Sweden, China, the UK, Russia and Finland.

For several years, we have focused on the vitamin and minerals market, built up considerable knowledge and created solid results across our companies and national borders.



7%

DLG is busy expanding production capacity within its Premix & Nutrition business. In recent years, strategic partnerships have been established with relevant partners abroad. In addition, organic growth must be achieved based on increased sales, primarily in the European market. At the same time, we will work to further exploit existing synergies within the group.

VILOFOSS®

ENERGY & RETAIL

Energy & Retail covers DLG's activities within energy, sales of building materials, the Land & Fritid stores and insurance. The subsidiary Team SE operates filling stations and DIY centres in Germany, and together with DLG owns 40% of the energy business DCC Energi in Denmark.

The Land & Fritid chain has 65 stores in Denmark, Sweden and Germany.



49%

The ambition is to maintain and strengthen Energy & Retail's market-leading position. This will happen through increased sales, strategic investments and business optimisation, especially in Germany. The merger of Team and HaGe should contribute to this development.

team
bau · energie

DCC
energi

Land & fritid

OUR WORK WITH CSR

At DLG, we are working actively to implement the UN Global Compact's principles for human rights, labour rights, the environment and anti-corruption in our day-to-day operations across the group. With our sustainability plan, we have taken an important step towards ensuring that we work with these principles in an even more intensive and structured manner and so that the policies are implemented in our business and day-to-day practices. We comply with all applicable legislation and regulations in the countries in which we operate, and we are dedicated to having an open dialogue on CSR issues with our stakeholders. In our group CSR policy, we have laid out the basic principles of our CSR approach, and it is crucial for us that our efforts have a clear strategic direction, that they are significant and that they are implementable in practice. We go out of our way to ensure that the words of our policies are translated into action. We undertake an annual risk assessment to ensure that our CSR initiatives have the greatest possible positive impact.

BASIC PRINCIPLES BEHIND OUR CSR POLICY

- We strive to always ensure the highest quality and safety in all the products we sell.
- We are ambitious in ensuring responsible value chain management and protecting the group's reputation.
- We strive to reduce DLG's energy consumption, to be resource-efficient and to generally reduce our impact on climate and environment.
- We do not accept corruption in any form, including - but not limited to - bribery, extortion or nepotism.
- We seek to ensure a diverse workplace with safe working conditions and a healthy and safe 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 issues that might adversely affect these rights.

RISK ASSESSMENT

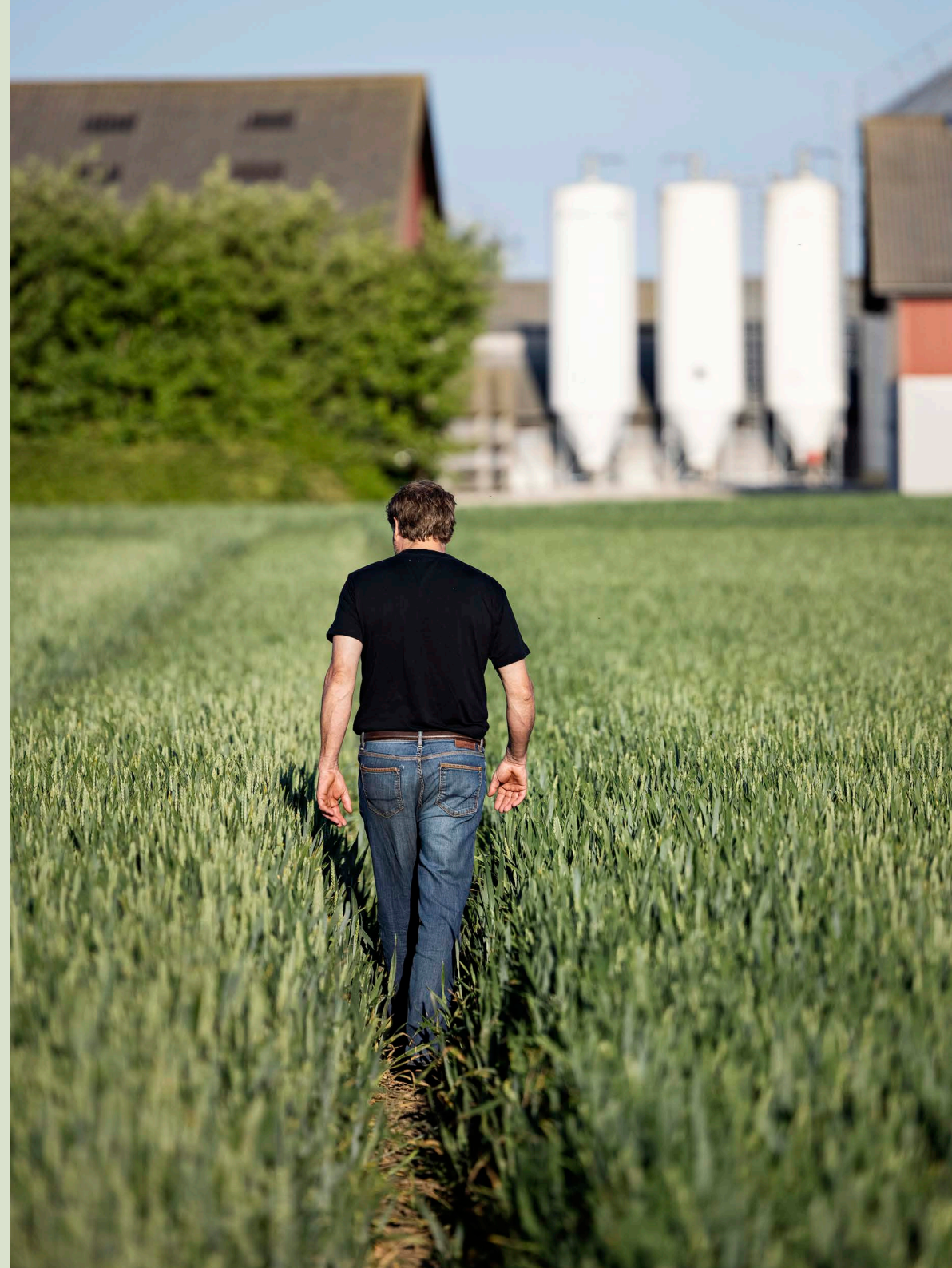
	OUTSIDE WORLD	EMPLOYEES	BUSINESS PARTNERS	COOPERATIVE MEMBERS	CUSTOMERS
LABOUR RIGHTS	IMPORTANT	VERY IMPORTANT	VERY IMPORTANT	IMPORTANT	IMPORTANT
RESPONSIBLE SUPPLY CHAIN MANAGEMENT	VERY IMPORTANT	IMPORTANT	VERY IMPORTANT	VERY IMPORTANT	VERY IMPORTANT
RESOURCE EFFICIENCY	VERY IMPORTANT	IMPORTANT	VERY IMPORTANT	VERY IMPORTANT	VERY IMPORTANT
DIVERSITY	VERY IMPORTANT	VERY IMPORTANT	IMPORTANT	IMPORTANT	IMPORTANT
RESPONSIBLE BUSINESS CONDUCT	VERY IMPORTANT	IMPORTANT	IMPORTANT	VERY IMPORTANT	VERY IMPORTANT
WORKING ENVIRONMENT AND HEALTH	IMPORTANT	VERY IMPORTANT	IMPORTANT	IMPORTANT	IMPORTANT

UN SUSTAINABLE DEVELOPMENT GOALS



The UN Sustainable Development Goals were adopted by the world's heads of state and government on 25 September 2015. The 17 Sustainable Development Goals mark an ambitious agenda for global development which, between now and 2030, will set the direction for a more sustainable development for us, for future generations and the planet we all inhabit. The DLG Group supports the UN SDGs, and we have incorporated them into our CSR policy and our sustainability plan. Based on the industry in which DLG operates, we are focusing in particular on six of the 17 SDGs. Across the group, we are committed to pursuing these six SDGs, and with every year that passes they are becoming increasingly integrated into our business. We use the SDGs to make clear what we are focusing our efforts on.

At DLG, we are convinced that it must be possible to measure our sustainability efforts by our actions. This CSR report therefore provides an insight into how we are incorporating the six SDGs into the work of the DLG Group.





GOAL 2: ZERO HUNGER

DLG plays an important role in the early stages of the production of healthy and nutritious foods, and we take this seriously. We therefore support a high level of security of supply, food safety and sustainable agricultural production. We are developing the climate-efficient cereals of the future that will provide enough food for a growing world population but without requiring more agricultural land to do so.



GOAL 5: GENDER EQUALITY

At DLG, we are working to create an environment where individual employees are respected and rewarded for their efforts – regardless of gender. We work hard to ensure sustainable development by strengthening women's rights and opportunities at all levels of the organisation, just as we are actively promoting diversity and inclusion and eliminating bias.



GOAL 7: SUSTAINABLE ENERGY

Energy is one of our business areas, and we are fully aware of our responsibility to contribute to significantly increasing the proportion of renewable energy in the global energy mix. We have several specific projects where we are working to ensure the provision and supply of energy for both transport and domestic heating based on renewable energy sources such as hydrogen, solar and wind energy.



GOAL 8: DECENT WORK AND ECONOMIC GROWTH

DLG's most important resource is its employees. In addition to ensuring decent and safe working conditions in our own companies, we are working actively to ensure that our business partners do the same. DLG has locations in both towns and in the countryside, and therefore also contributes to job creation in outlying areas.



GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

At DLG, we are constantly working to optimise our production and logistics operations to make them even more resource-efficient. In the past year, we have taken several steps to ensure the responsible and sustainable production of the raw materials used in our production. Our products support high quality, sustainability, health and animal welfare in livestock production.



GOAL 13: CLIMATE ACTION

We are committed to ensuring resource-efficient production and logistics, to minimising our environmental and climate footprint, and to developing climate-friendly animal feed solutions. We support farmers on their journey towards sustainable production, and help them to climate-optimize their farms through concrete solutions. In addition, in our sustainability plan we set clear climate goals that are aligned with the UN's 1.5°C target and which will be verified by the Science Based Targets initiative (SBTi).



GOAL 17: PARTNERSHIPS FOR THE GOALS

Strategic partnerships are an important aspect of DLG's work to promote sustainable development – both in Denmark and globally. Through cross-border knowledge sharing, we want to promote strong global engagement and further promote sustainable development. Through partnerships with other players in our industry, we can ensure our owners the highest possible value creation as well as sustainable development.

OUR PATH TO A SUSTAINABLE FUTURE

Action is needed if we are to create a sustainable future for generations to come. Therefore, with our 'Zero' sustainability plan, the DLG Group has set concrete goals for how to reduce the carbon footprint of the group's own activities, while at the same time actively working to develop specific solutions which can help customers and owners in their efforts to make the transition to more sustainable agricultural production.

The sustainability plan was presented in February 2021, and sets the direction for the DLG Group's strategic work on the green transition. The plan covers all business areas within the group and all the companies in which DLG has a controlling interest.

At DLG, we are working with sustainability in a broad perspective. We therefore collaborate across the entire value chain with our owners, customers, suppliers and key partners. This, we believe, is essential to realising the goals set out in our plan, which covers the entire value chain from supplier to customer.

The plan focuses on four key areas:

- Climate & environment
- People & responsibility
- Agriculture of the future
- Responsible procurement

"If we are to achieve the green transformation in agriculture and be climate-neutral by 2050, action is required. When I speak to my colleagues and partners in the industry, they express the need for concrete solutions that can help to make a difference on the farms. DLG was founded and is owned by farmers, which is why it is essential for us that our sustainability plan supports them on their journey towards making their production even more sustainable. That is why we created Zero."

Niels Dengsø Jensen, Chairman of the Board of Directors

CLIMATE & ENVIRONMENT

We want to reduce our imprint on the world around us, and the efficient use of the Earth's resources is key to achieving that goal. We are therefore committed to increasing resource efficiency and reducing emissions from our own production and logistics operations through, among other things, increasing the use of renewable energy sources while minimising waste and reducing our environmental impact. It is our ambition that by 2030 we will have reduced emissions from our own activities by 50%, and we are working towards climate neutrality by 2050. The group's climate goals are aligned with the objectives of the Paris Agreement as well as the UN IPCC's recommendation that global warming be limited to 1.5°C relative to pre-industrial levels. In Q1 2022, an application will be submitted to the Science Based Targets initiative to validate that the group's climate goals are in line with the Paris Agreement.



PEOPLE & RESPONSIBILITY

A diverse and inclusive workplace is essential for us to attract the brightest employees. We are therefore keen to increase the diversity of our organisation on several parameters and to continue to create equal opportunities for all our employees, because we believe that this creates the best conditions for our business.

Safety and the working environment both have a high priority, and we work with a strong OHS organisation that focuses on minimising the risk of industrial injuries and making DLG a healthy and safe workplace with high levels of job satisfaction.

Responsible conduct is important in all parts of our business, especially when it comes to the way we manage our business. Good corporate governance is a priority for us, and we are continuously working to optimise our business processes and procedures. Based on our anti-corruption policy, we go to great lengths to prevent corruption and fraud.

AGRICULTURE OF THE FUTURE

The DLG Group is deeply rooted in agriculture, and it is therefore crucial for us that our action plan supports the farmers who are our customers and owners on their journey towards making their production even more sustainable. We want to create sustainable solutions that customers in all parts of our business can benefit from in both the short and long term, and we will enable them to make the most sustainable choices when doing business with us.

We see plant breeding as an important tool when it comes to developing tomorrow's sustainable agriculture. This is why we are working to develop the crops of the future, which will make it possible for agriculture to produce more with less, and which can withstand the changes in weather and climate that are predicted in the coming years.

We will seek strategic partnerships with other players in our industry to ensure the highest possible value creation for our owners and customers.

RESPONSIBLE PROCUREMENT

Action is required in all parts of the value chain if we are to fulfil our ambition of creating a sustainable future. The high standards we demand of ourselves we therefore also demand of our suppliers.

We want to work with suppliers who value responsibility and help us fulfil our ambitions of having a strong, reliable and sustainable supply chain, which is why we are actively working with responsible supply chain management.

In our procurement activities, we want to focus strongly on responsible procurement, and to ensure that the goods we buy are produced in a responsible way and in a way that preserves our natural resources, protects human rights and respects applicable law.

We have set a specific goal that all the soy imported by the group must be responsibly produced and verified deforestation-free by 2025 at the latest.



OUR GOALS

2025
100% VERIFIED
DEFORESTATION-
FREE SOY



As an importer of soy for use in feed, we are keenly aware of our responsibilities. Therefore, we undertake to ensure that by 2025 at the latest all soy imported by the DLG Group will be responsibly produced and verified deforestation-free.

2025
25% FEWER
INDUSTRIAL INJURIES



It must be safe and secure to go to work at DLG. Therefore, for many years we have taken a systematic approach to accident prevention by, among other things, implementing firm procedures for workplace safety. As a responsible company, our foremost ambition is that none of our employees are injured while at work. However, we also have to acknowledge that industrial injuries are often associated with risky behaviour, which is difficult to eliminate completely. Our goal is therefore to reduce industrial injuries by min. 25% in 2025 compared to 2020.

2025
30% CO₂
REDUCTION*



We want to reduce the climate footprint of our production and logistics operations (Scope 1 and 2 emissions*) in both the short and long term. Therefore, our ambition is to reduce our CO₂ emissions by 30% in 2025 compared to 2019. To achieve this goal, we will, among other things, look at ways of increasing the use of renewable energy sources.**

* Covering Scope 1 and 2 emissions, which are direct emissions from the group's own production and logistics operations as well as indirect emissions caused by purchased energy.

** In Q1 2022, we are submitting an application to the Science Based Target initiative to have our climate goals validated.

2030
50% CO₂
REDUCTION*



By 2030, our ambition is to reduce emissions from the group's own activities (Scope 1 and 2 emissions*) by 50%. This is in line with the UN IPCC's recommendation to limit global warming to 1.5°C compared to pre-industrial levels.**

2030
30% WOMEN
IN MANAGEMENT
POSITIONS



Diversity is crucial to the results we create. Therefore, we are working to ensure that DLG is a diverse workplace where all employees have the opportunity to realise their full potential, and where there is no discrimination based on gender, age, background, ethnicity or sexuality. By 2030, 30% of all management positions in the group must be filled by women.

2050
DLG GROUP'S
ACTIVITIES ARE
CLIMATE-NEUTRAL

ZERO

We are working towards our operations being climate-neutral by 2050. This is an ambitious goal, but - like our other climate goals - it is intended to contribute to limiting global warming to max. 1.5°C compared to pre-industrial levels.**



WHAT WERE OUR AMBITIONS IN 2021 – AND HOW DID WE DO?

RESPONSIBLE COMPANY

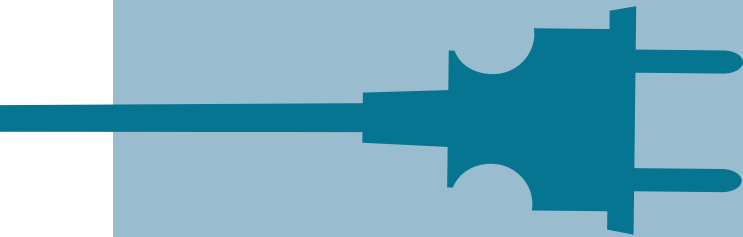
RESPONSIBLE SUPPLY CHAIN MANAGEMENT

In 2021, we actively sought to encourage even more of DLG's suppliers to sign our Supplier Code of Conduct (SCoC), and we are continuing to work to anchor our SCoC with all the buyers in the group's various companies. It remains our ambition to continuously monitor our existing and new suppliers, who must demonstrate that they comply with the UN Global Compact's 10 principles.



ANTI-CORRUPTION AND FRAUD

With our new Group Compliance department, we have started streamlining our anti-corruption and fraud policies and processes. It is still a goal to appoint local compliance officers and superusers charged with ensuring compliance with the policy in the individual departments and subsidiaries. In 2021, a group-wide whistleblower scheme was implemented, and we have continued to offer e-learning for employees so that they know about DLG's anti-corruption policy.



RESOURCE EFFICIENCY

In 2021, we worked consistently to optimise our logistics operations in order to reduce the total costs of transporting our raw materials and the related emissions throughout the value chain. In 2021, we focused on reducing the group's emissions in accordance with our sustainability plan, but were challenged by external factors such as a wetter harvest than in 2020. In collaboration with other players in the value chain, we have launched projects aimed at increasing farmers' access to climate data so they can optimise sustainability on their farms.

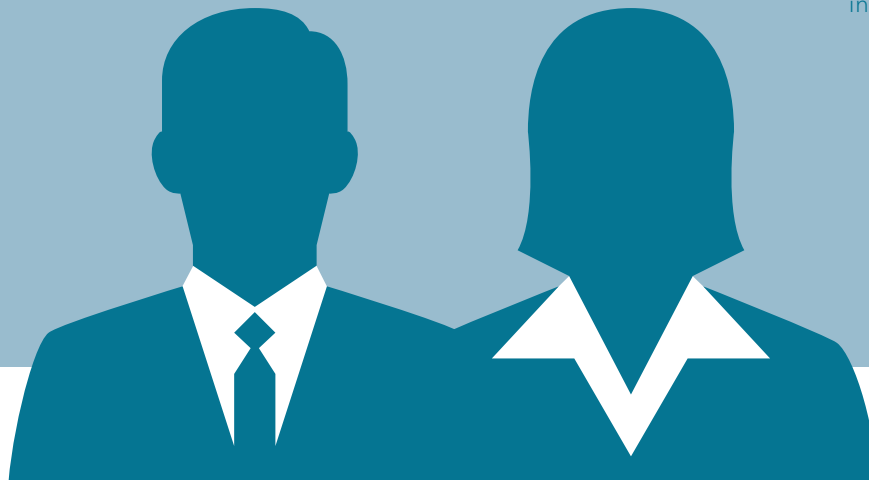
PEOPLE AT DLG

DIVERSITY

Through inclusive managers, we have continued to work to ensure a culture where all employees have the opportunity to contribute and feel at home, and we have continued to build a balanced management pipeline where the focus has been on attracting, retaining, developing and promoting female talent. With the creation of a DEI mission team, we are focusing on diversity, equity and inclusion. This will continue to be a focus area in 2022, where it is our ambition that all Danish managers must complete the 'Leading Inclusively' course.

WORKING ENVIRONMENT

The new occupational health and safety (OHS) organisation is now in place, and everyone has found their new roles and tasks. The results of the workplace assessment (WPA) have been processed by the OHS organisation's new IT system, and the solutions implemented. We will continue the roll-out of the OHS tool SafetyNet at all levels in DLG, where the focus will continue to be on protective equipment in terms of procurement, use and supervision.



ESG KEY FIGURES

ENVIRONMENT

Scopes 1 and 2 include direct emissions from the group's own activities, as well as indirect emissions from the energy we buy. We are working to reduce emissions in Scopes 1 and 2 in keeping with the targets in our sustainability plan, i.e. by 30 % in 2025 and 50 % in 2030. Compared with 2020, our CO₂ emissions in Scopes 1 and 2 increased by 14 % in 2021. This is due to several factors: New activities in Munax Oy and BioRefine Denmark A/S are included this year. At the same time, wind and weather conditions have a great impact on our energy and fuel consumption, and the wet harvest period this year, with the grain being 1 percentage point wetter than in 2020, resulted in significantly higher activity levels at the dryers and in increased transport to the dryers – both factors negatively affecting CO₂ emissions. Increasing feed production in Denmark has also contributed to the increase, but we are seeing a reduction in energy consumption per tonne of feed produced.

A screening of our scope 3 emissions shows that scope 3 accounts for 98,9 % of our total emissions.

SOCIAL

We are working to increase the diversity among the DLG Group's employees. Our reporting on the proportion of female employees and women in management positions is based on data from the annual employee survey, Celsius. The employee survey covers the following companies: DLG a.m.b.a, HaGe, Team, Svenska Foder and Vilofoss, and the proportion of female employees is therefore only calculated on the basis of these companies in the group. We are working to include data from all consolidated companies in this calculation. For the purpose of this calculation, management positions are defined as employees with staff responsibility. Once we succeed in compiling all the right data, management positions will be defined as staff managers, senior specialists and project managers.

The reporting of industrial injuries is based on data from the following companies: DLG a.m.b.a, HaGe, Team, Svenska Foder and Vilofoss. We are working to include data from all consolidated companies in this

calculation. Industrial injuries are defined as accidents resulting in at least one day of absence.

GOVERNANCE

Under Danish law, DLG must set a target for diversity on the Board of Directors. The target pertains to board members elected by the general meeting only. Employee-elected board members are thus not covered by this requirement, and are therefore not included in the calculation of gender diversity on the Board of Directors.

ENVIRONMENT

	2021	2020	2019
Scope 1 (tCO ₂ e)	131,093	117,407	117,444
Scope 2 (tCO ₂ e)	87,367	74,008	74,977
Total Scope 1 and Scope 2 (tCO ₂ e)	218,460	191,415	192,421
Proportion of soy imports verified as deforestation-free	20%	N/A	N/A

SOCIAL

Full-time employees (FTE)	6,620	6,576	6,403
Gender diversity for all employees (% women)	28%	28%	N/A
Gender diversity in management positions (% women)	17%	N/A	N/A
Number of industrial injuries resulting in at least one day of absence	168	166	114

GOVERNANCE

Gender diversity on the Board of Directors (% women)	30%	27%	0%
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GOAL FOR SUSTAINABILITY:

**"WE'RE COMMITTING FURTHER
TO DOING WHAT WE SAY WE'RE
GOING TO DO"**

13 CLIMATE ACTION



With our sustainability plan 'Zero', DLG has set concrete goals for how to reduce our climate footprint while continuing to support our owners and customers on their journey towards a sustainable future. Moreover, the group has taken out a new EUR 550 million credit facility that is closely linked to three key sustainability goals.

The agreement, which has been concluded with Danish, German and international banks, will help to promote our strategic work on sustainability and ensure that words and ambitions are followed up by action.

The link to sustainability means that the interest rate on the credit facility can be adjusted upwards and downwards depending on how the DLG Group delivers on the three sustainability goals. The first goal is a 30% reduction in CO₂ emissions from our own production and logistics operations as well as indirect emissions stemming from purchased energy (Scope 1 and 2) by 2025 compared to 2019. The goal is consistent with a climate scenario of 1.5°C, and will be validated by the Science Based Targets initiative. The second goal is for all soy imported by the group to be responsibly produced and verified deforestation-free by 2025 at the latest. The third goal is a reduction in the number of industrial injuries.

"We are very focused on how we can contribute to the sustainable transition, and we have set a number of concrete goals that we are continually working to achieve. Therefore, it made obvious sense for us to make this agreement with the banks, where we link some of our specific sustainability goals directly to a credit facility. It underlines that we take sustainability seriously, and it provides an important incentive in our day-to-day efforts to achieve our goals. You could say that we are committing further to doing what we say we're going to do," says Christina Nielsen, Group CFO of the DLG Group.

The size of the new credit facility has been decided on the basis of current needs and replaces an existing credit facility of EUR 625 million.

INTRODUCTION

CLIMATE & ENVIRONMENT

Resource efficiency
Green energy transition
Modern factories

PEOPLE & RESPONSIBILITY

AGRICULTURE OF THE FUTURE

RESPONSIBLE PROCUREMENT





CLIMATE & ENVIRONMENT:

RESOURCE EFFICIENCY

Resource-efficient operations, production and logistics play a major role in our business – in terms of our bottom line, but also our competitiveness and, of course, our responsibility to contribute to the green transition.

In 2021, DLG emitted 221,000 tonnes CO₂e in Scope 1 and 2, which includes the group's direct emissions from our own activities as well as indirect emissions from the energy we buy. This is 15% more than in 2020. The increase in emissions can be attributed to several factors.

One third of the increase is due to new activities. In 2021, the emissions from the grass protein producer BioRefine Denmark A/S are included as well as the emissions from Munax Oy in Finland, in which Danæg has purchased the remaining 76% of shares.

Agribusiness accounts for the majority of DLG's business, and it is an industry where the weather has a strong bearing on the results we can achieve, also when it comes to our resource efficiency. In years with a wetter harvest, CO₂ emissions increase due to higher energy consumption at the dryers, and our trucks will have to drive more kilometres and thus use more fuel when the grain has to be transported to the drying facilities. In years with a dry harvest, CO₂e emissions will be correspondingly lower.

The grain we received from the 2021 harvest was about 1% wetter than in 2020. This is a significant difference that affects our CO₂ emissions due to higher activity levels at the dryers as well as more transport. At the same time, growing exports from our port terminals have resulted in more grain transports to the ports.

Increasing feed production has also contributed to the increase in CO₂ emissions, even though we have managed to reduce energy consumption per tonne of feed produced. Our German rapeseed oil factory, which was out of service for six months in 2020, was fully operational in 2021, resulting in higher CO₂ emissions from the factory.

HEADING FOR A GREENER FUTURE

We are continuing to work towards reducing CO₂ emissions in Scope 1 and 2 by 30% in 2025 and 50% in 2030, respectively. The targets are in line with the recommendation to limit global warming to 1.5°C relative to pre-industrial levels. In Q1 2022, we will submit an application to the Science Based Target initiative to have the targets validated.

In order to achieve our climate ambitions, we are looking, among other things, at the possibility of replacing fossil energy sources with renewable energy sources. For example by making the switch to green power.

We are continuously replacing our vehicle fleet, with new trucks and tankers helping to reduce fuel consumption per kilometre driven. We are monitoring developments within alternative energy sources for heavy goods transport.

WE ARE INVESTING IN THE GREEN ENERGY TRANSITION



In September, DLG's German subsidiary, Team, officially opened the group's first hydrogen filling station. Volker Behn, CEO of the energy division at Team, refers to the opening as a milestone. The hydrogen filling station is in Husum, Germany, which is also where Team's other activities in the energy division are located.

Team is continuously working to develop its mobility and energy offerings in line with the sustainable developments taking place in society, but also so that the company can continue to create value for its customers' various needs – also in the future.

"The opening of the hydrogen filling station here in Husum is a milestone in Team's history. It is clear proof that we're keeping pace with developments, and that we want to make our mobility and energy offerings for customers even more diverse," says Volker Behn.

The opening of the first hydrogen filling station is part of a larger plan for green hydrogen mobility called eFarm in Germany, which has been initiated by the energy company GP Joule Connect, which is active within the development and implementation of mobility concepts based on renewable energy sources.

In future, the filling station will deliver green energy for buses, trucks and cars.

TEAM SE TO ESTABLISH CHARGING STATION NETWORK IN GERMANY

In 2021, Team presented its plans to invest further in the green transition of the German energy market when it announced in September that it would acquire 25.1% of the German energy company GP Joule Connect GmbH.

In Germany, more electric cars are being sold than ever before, and there is thus a growing need for better infrastructure with more charging stations so that drivers can charge their cars effectively with green power. The investment is therefore a strategic initiative that will support the green transformation of the energy business and pave the way for a network of charging stations for electric cars at the Team chain's filling stations and DIY stores in Germany.

"With the investment in GP Joule Connect, we will have a strong partner that will enable us to support the green transformation in energy and transport, while at the same time shaping a sustainable future for our energy business. It is a partnership that we are very happy about and one that holds great potential," says Kristian Hundebøll, Group CEO of DLG.

"We're constantly looking for new ways of linking our focus on sustainability with our business model. With GP Joule Connect, we get a strong partner who has great expertise and knowhow in e-mobility. We welcome the new partnership, and we see a huge scope for jointly developing and shaping our future mobility solutions," says Kevin Lorenzen, CEO of Team.

GP Joule Connect's activities include a wide range of e-mobility solutions, including charging infrastructure that covers everything from charging units to a wide-ranging European network of charging stations, shared concepts for electric vehicles as well as energy concepts and energy supply from renewable energy sources.



MODERN FACTORIES WITH A SMALLER FOOTPRINT



In recent years, the DLG Group has invested heavily in improved infrastructure and production on the Danish domestic market. This year, a DKK 66 million modernisation project was launched at the factory in Skave in Jutland to safeguard developments aimed at increasing efficiency, capacity and sustainability.

In the small town of Skave in north-west Jutland lies a DLG factory, which is being given a significant boost. In 2021, DLG initiated a radical modernisation of the factory, which produces 130,000 tonnes of organic feed a year for cattle, pigs, poultry, rabbits and sheep.

“Even though much of our business is located abroad, our owners are based in Denmark. The domestic Danish market is important for us, and continuing to develop and invest in our Danish activities is high on our agenda. Therefore, I’m very pleased that we can now start modernising one of our strategically important factories, whereby we will increase both the profitability and sustainability of our production,” says Jesper Pagh, Group COO in the DLG Group.

INCREASED GRAIN CAPACITY, AUTOMATION AND GREEN GRASS PROTEIN

As part of the modernisation, grain capacity will be increased at the Skave factory, which will not only result in a better feed product for customers; it also allows the factory to accommodate larger volumes of both grain and raw materials than before.

“As part of the project, we’re focusing on improving production quality but also safety at the factories. At the same time, with the increased grain capacity in Skave, we can reduce grain transports between our locations, which is good for the environment as well as the bottom line. All in all, it is an investment that makes perfect sense on several parameters, while at the same time being important with regard to the long-term development and efficiency of our Danish value chain,” says Bøje S. Kjær, Vice President, Production & Logistics at DLG.

Greater capacity at each factory also results in a reduced handling factor. This is positive seen from the perspective of both efficiency and sustainability. At the Skave factory, in future they will be better at storing the verified and deforestation-free soy which they receive. In the long term, grass protein produced by DLG’s subsidiary BioRefine will also be used to replace some of the imported soy.

In general, the project will lead to improvements throughout the value chain. Better grain handling at harvesting time, more recipe options for the specialist department as well as increased automation at the factory.

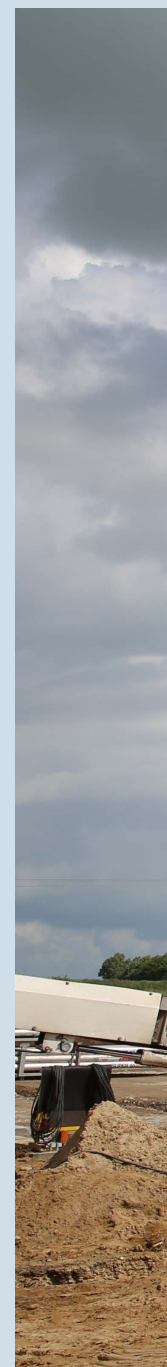
FACTORY MANAGER HAS FOLLOWED DEVELOPMENTS SINCE 1984

According to Skave’s factory manager Kim Svendsen, the project in Skave is ambitious, and he is pleased with the ongoing developments at the factory, which means that in future it will also be able to handle organic feed production – and even with a higher degree of sustainability than in the past.

Kim has worked at the factory since 1984, first as a warehouse boy, then as a factory worker, and in 2000 he was appointed factory manager. The workforce at the Skave factory is largely local, and a strong team spirit has developed throughout the years. All of Kim’s eight employees live in the local area, and this year the fifth employee celebrated his 25th anniversary.

To the question of why this may be, factory manager Kim replies promptly:

“DLG is a great workplace. Otherwise, you’d never stay here for so many years. Therefore, it’s also particularly exciting for us at the moment to follow the green development and see how the factory in Skave will actually evolve.”





- DKK 66 million has been invested in the project.
- The factory is getting: 21 new dosing silos, a large 12,000-tonne-capacity warehouse as well as its own grain dryer and grain cleaner with a capacity of 30 tonnes/hour.
- The grain and raw material intake will be a total of 250 tonnes/hour. Vi anbefaler første model.
- The factory's current silos have a capacity of 10, 20 and 25 tonnes, while the new silos will have a total capacity of up to 80 tonnes.
- The modernisation project in Skave is expected to be completed in 2022.

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and inclusion to life

From trainee to employee

AGRICULTURE OF THE FUTURE

RESPONSIBLE PROCUREMENT



PEOPLE & RESPONSIBILITY:

DIVERSITY AND INCLUSION

DLG strives to be a workplace that values and benefits from employee diversity because we know that it creates results – and thus value for our customers and owners.

Over a number of years, we have been working to increase the number of women on DLG's Board of Representatives, and this has paid off. The women on DLG's Board of Representatives now account for 15% of the owner-elected members, whereas in farming fewer than one in 10 farmers are women.

The Board of Directors is made up of eight owner-elected members and two external members, who are elected at the Board of Representatives, annual general meeting. Furthermore it consists of two employee representatives, who are elected by the employees. There are three women altogether on the Board of Directors: one owner-elected member as well as the two external members. It is DLG's ambition to increase the proportion of women on both the Board of Representatives and the Board of Directors as well as at other management levels. The goal is at least three women on the Board of Directors by 2025, whilst the number should have increased to at least four by 2026.

Diversity is pivotal for the results that we create. Therefore, in DLG we are working to create a workplace where all employees are given the opportunity to realise their full potential, and where there is no discrimination based on gender, age, background, ethnicity or sexuality. The goal is 30% women in management roles by 2026.

In 2021, we saw fluctuations in the number of female employees, female managers and female salaried employees – something that is likely to happen from year to year. This development primarily follows the needs of the business in terms of which roles are needed. The proportion of female salaried employees remains high at 37-57% across the countries in which

we operate, and which is a prerequisite for the ongoing work to ensure a more diverse organisation across all hierarchical levels.

DLG's work with diversity and inclusion is also about changing our business and our workforce. Increasing diversity and inclusion throughout the organisation requires targeted efforts. We operate in an industry that is generally male-dominated, and therefore the DLG Group faces the same challenge.

DLG's efforts to increase diversity are outlined in our diversity strategy, which embraces much more than simply gender.

	FEMALE MANAGERS, %	FEMALE EMPLOYEES, %	FEMALE SALARIED EMPLOYEES, %
DK TOTAL	23	29	45
DE TOTAL	11	26	39
SE TOTAL	24	45	57
FR TOTAL	29	25	37
GROUP	16	27	41

We are dedicated to creating an inclusive culture as well as structures that do not unintentionally inhibit certain groups. Decisions concerning the recruitment, hiring, training, development and evaluation of our employees must always adhere to the principle of equal opportunities, while focusing on competencies 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 value diversity in the form of different character traits, educational backgrounds and ways of thinking.

TOMORROW'S WORKPLACE

Most of our workplaces are located in rural districts, where they contribute to the local community. We are very good at retaining employees, and thus the average age of our employees is high in many of our business areas. At DLG, we want to combine experience with new ideas by taking on young employees who come with new competencies that can help shape tomorrow's DLG. DLG wants to be a dynamic company where creativity flourishes and different skills are brought into play so that both our employees and our business thrive. In our view, for this to be possible, DLG must make a point of developing its culture so that it is accommodating of new trends and creates a sense of curiosity with regard to change. The first step in this process is to make everyone understand throughout the group and at all organisational levels that an inclusive culture holds considerable potential for our business. We have started this process with our Diversity, Equity and Inclusion (DEI) initiative, which will become an integral part of our strategic efforts in the coming years.

In 2021, we mobilised our work with diversity and inclusion by involving employees from many different parts of the Danish organisation. The aim is that the initiative should eventually be rolled out across the entire group. The employees have been involved through a DEI mission team that aims to raise awareness and foster an understanding of the importance of diversity and inclusion in business and thus also in DLG. The mission team consists of a number of employees who, on a voluntary basis during working hours, have prepared a workshop on inclusive behaviour and an awareness campaign and planned how to implement both. This has been done with the full support of the management.





THE STRATEGY EMBRACES OUR OVERALL VISION FOR DIVERSITY AND IS BASED ON FOUR ELEMENTS:

- We will establish an inclusive workplace by supporting a culture that promotes collaboration and fairness, and which gives individual employees the opportunity to make a contribution and develop their full potential.
- We will recruit and hire from a diverse and qualified group of potential candidates to ensure a high-performing workforce.
- We must have managers who can lead in a diverse environment and create an inclusive culture.
- We are responsible, and therefore gauge and follow up on our employees' views on workplace diversity and culture. We do so to ensure adherence with the strategy.

MANAGEMENT TRAINING MAKES A DIFFERENCE

In 2021, the DLG a.m.b.a. management participated in an internal management course – Leadership Academy – to ensure that DLG's management team possesses the right tools and skills. Five learning modules help to support the managers and provide them with a shared language that supports DLG's management model. It has been a top priority for the managers to complete the course, which is why it has not been possible at the same time to hold the 'Leading Inclusively' workshop originally planned, and which focuses on our subjective bias. The workshop will be held in 2022.

In general, DLG will work strategically with inclusive management and culture in 2022 – not only in connection with recruitment and appointments, but also in our talent management and people review activities. We must increase the shared understanding that diversity actively makes us stronger, more innovative and better equipped for dealing with future challenges. Therefore, we are also devoting time and resources to building and promoting talent.

Our new graduate programme, which started in 2020, has been characterised this year by exchanges. The six graduates are each affiliated with different parts of the business such as International Sales, Business Intelligence and Commodity Trading, and all spent time at different locations during 2021.

FOCUS ON GOOD CONDUCT

The work on our 'Good Conduct' policy, which started in 2020, continued in 2021, which also saw a further update of the policy. The aim of the campaign is to prevent inappropriate conduct, and to clarify the rights of individuals to a safe and healthy working environment. By focusing on good conduct at DLG, we want to ensure that all employees are aware of their rights, and that managers know how this should be handled.

PEOPLE & RESPONSIBILITY:

WORKING ENVIRONMENT, SAFETY AND WELL-BEING

158

ACCIDENTS
WITH MIN. 1 DAY
OF ABSENCE

DLG

27

VILOFOSS

2

SVENSKA
FODER

0

HAGE

60

TEAM

69

WORKING ENVIRONMENT

At the beginning of 2021, a new OHS organisation came into force. The new organisation is closely aligned with the recommendations of the Danish Working Environment Authority (WEA) on how to build an OHS organisation, and is more streamlined than previously. The new organisation works across function areas, but is still geographically based. At DLG, the term of office of the OHS organisation is four years.

This year, we have completed a workplace assessment (WPA), a protective equipment campaign and implemented new IT tools. Almost 1,000 colleagues in DLG Denmark chose to provide their input for the WPA. This resulted in action plans for, among other things, chemical risk assessments, noise, temperature, muscle and joint pain. The latter was a result of having to work from home in connection with COVID-19 lockdowns.

The OHS organisation also ran a personal protective equipment (PPE) campaign aimed at colleagues working within transport, operations, production and Land & Fritid, as well as managers in general. The campaign consisted of videos, posters, email signatures and a competition which encouraged employees to focus more on safety in the course of their working day. At the same time, efforts are being made to put together a range of DLG-specific PPE so that it is easy to order and assess which specific PPE is required for a particular work function or process.

The annual OHS discussion resulted in three specific focus areas for the work in the year ahead:

1) A 10% reduction in the number of industrial injuries over a five-year period, 2) a chemical risk assessment for processes involving hazardous products or the development of chemical compounds, and 3) well-being.

Information is being exchanged across companies and borders. This largely relates to the number of industrial injuries and the registration process. As the public authorities define industrial injuries differently and have different registration and processing requirements in the countries in which we operate, it is important to have a good dialogue internally in order to set a number of goals to work towards.

WE MEASURE EMPLOYEE WELL-BEING

With the group-wide employee survey which we at DLG call Celsius, we measure the employees' job satisfaction and commitment every year. This year, we can see that motivation and commitment among the group's employees are higher than the overall level in the market. In addition, we see a link between the employees' commitment and their relations with their manager.



PEOPLE & RESPONSIBILITY:

DATA ETHICS IS ABOUT TAKING RESPONSIBILITY

Data has become one of the most important resources of our time. And just as it is important to be in control of how the raw materials we purchase and produce are stored and handled, we also take responsibility for the data that we, as a company, collect for one reason or another.

Most of our data relates to our employees, business partners, suppliers as well as our customers and members.

At DLG, we have a number of external privacy policies on how we process personal data and which guide our use of data.

When it comes to our members, customers, suppliers and business partners, we explain which data we collect, how we process the data and what the data is used for. In addition, we explain the legal basis for the disclosure of personal data, and which recipients personal data is shared with as well as when we delete personal data. Our policies help to ensure that our processing of personal data is conducted in a lawful and ethical manner.

In addition to personal data processing policies, DLG has also developed a code of conduct for IT and an IT security policy to provide a framework for our specific guidelines on data protection. For example, it describes how data is handled in third-party agreements. Before the DLG Group enters into an agreement with a third party on the storing and processing of data, a formal agreement is established that sets out various requirements and ensures information security. Group IT Security is responsible for the information security policy, defines relevant checks and acts as a centre of excellence to support their implementation by other DLG group functions.

Should the data we process in the DLG Group develop in the coming years, we undertake to draw up guidelines that ensure ethically sound practices.

ANTI-CORRUPTION AND FRAUD

In the DLG Group, we do not accept corruption, which is why we work actively with the group's anti-corruption policy. In our work, it is crucial that we ensure the continued anchoring of the policy around the group and also check that it is being complied with.

At DLG, we do not accept corruption or fraud in any form. We make this clear through our membership of the UN Global Compact, which calls on companies to work against all forms of corruption, including extortion and bribery among employees.

GROUP-WIDE WHISTLEBLOWER SCHEME

In 2021, we established a group-wide whistleblower scheme. The scheme allows both employees and external players to report suspected criminal conduct or other serious matters – 100% anonymously. The scheme aims to reduce risks and protect the trust of both our employees and customers as well as the public in the group.

The scheme applies to breaches of the codes of conduct that apply to the entire DLG Group, and which, at worst, may have an impact on a group company and its reputation, as well as on the lives and health of employees. Reports to the scheme must relate to companies in the DLG Group as well as employees and other persons acting directly on behalf of DLG Group companies or third parties working with us. Reports must be based on well-founded information and submitted in good faith.

All reports to the whistleblower scheme are handled by the DLG Group's whistleblower team, which currently comprises Christina Nielsen, Group CFO, DLG Group, Robin Philip, Vice President, Legal and M&A, and Anette Ilsøe, Head of Secretariat. Employees can expect to receive a response to their report within seven days, whether their case is approved or dismissed. A report is dismissed if two out of three of the whistleblower team members are in agreement. Reports are dismissed if:

- The alleged conduct is not reportable under the whistleblower guidelines.
- The report has not been submitted in good faith or is malicious.
- There is insufficient information available to proceed with an investigation.
- The problem to which the report refers has already been resolved.

REFLECTIONS ON WORKING WITH ANTI-CORRUPTION AND FRAUD IN 2021

With our new Group Compliance department, we have started streamlining our anti-corruption and fraud policies and processes. It is still a goal to appoint local compliance officers and superusers charged with ensuring compliance with the policy in the individual departments and subsidiaries. In 2022, we will review our current policy with the aim of implementing it further throughout the group.



DEI - BRINGING DIVERSITY, EQUITY AND INCLUSION TO LIFE:

DIVERSITY AND INCLUSION ARE KEY TO SUCCESS



Diversity and inclusion are priorities for the DLG Group. In spring 2021, therefore, a mission team was set up to work on diversity, equity and inclusion – or DEI as it is often referred to. The aim is to create an understanding and raise awareness of the topic among employees and managers – initially in Denmark, but in the long term throughout the group.

The mission team is composed of a number of DLG's Danish employees who represent different parts of the business. The work of the mission team takes place during working hours, but on a voluntary basis. Anette Papuga, Vice President, HR, took the initiative to establish the mission team. The idea behind it is to provide insights and bring about change in the actual workplaces.

"Like many other companies, we have been focusing on the topic for some time, but to create real change, it is important that it is top of mind among the employees and at all levels of the organisation," says Anette Papuga, adding:

"The project is not just about having a more diverse workforce. The first and most important step is to create an awareness in the organisation about how we are all influenced by bias. We need to work on all the unconscious bias that is deeply ingrained in all of us. A good example is that many people unwittingly hire employees that

resemble themselves, while studies show that teams with a high degree of diversity deliver the best results. So, our goal is to enable the organisation to create even better results in future through increased diversity and inclusion."

THE LONG HAUL

Increased awareness is key for the mission team. Therefore, in Q4 2021, they held the first in a series of workshops entitled 'Bringing diversity, equity and inclusion to life'. The purpose of the workshops is to initiate conversations about inclusive behaviour and shape DLG's DEI ambitions.

Anna Plum, market manager for grain, has helped lead several workshops. "It has been a very positive experience meeting my colleagues for a dialogue about a topic that for many can be quite difficult to put into words. In my experience, it is an eye-opener for many to learn more about how DEI is actually a business opportunity that we need to seize," says Anna Plum, and explains:



"I joined the mission team because I really believe that our dedicated efforts in this area will have a positive impact on our business. DLG operates in what is a traditionally a male-dominated industry, and at many of our locations the average age of the employees is high, while many employees have been with the group for many years, just as there is not much diversity in terms of ethnicity. You don't change that overnight, but I'm in it for the long haul and want to create some lasting, positive change."

In 2022, the mission team will continue to organise workshops, and a major internal information campaign will also be launched.

WHAT IS DEI?

DIVERSITY (WHO WE ARE)

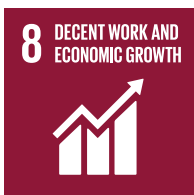
A diverse environment with a wide range of backgrounds, abilities and mindsets.

EQUITY (HOW WE FEEL)

Everyone, including individuals and minorities, has equal opportunities to contribute and develop.

INCLUSION (HOW WE MAKE OTHERS FEEL)

A culture where everyone feels welcome and valued and thus recognised and respected for their contribution.



FROM TRAINEE TO EMPLOYEE:

"I FEEL APPRECIATED FOR WHAT I DO"

As part of his warehouse and terminal training, Hooman Arshadi did a traineeship at DLG. He doesn't regret it for a moment. He has learned much of what he wanted to learn here, and has become an integral part of the team, which means he enjoys going to work. And now he has been taken on permanently. His story is a shining example of what well-being in the workplace means for both the individual employee and for DLG as a whole. Because we want DLG to always be a workplace where the focus is on well-being with scope for personal development.

For 25-year-old Hooman Arshadi, starting at DLG was a bit of an eye-opener. He didn't know anything about DLG until he applied for a traineeship as a mandatory part of his warehouse and terminal course at Syddansk Erhvervsskole. So he only applied because he got a tip from the school and following extensive Google searches.

"I didn't know anything about DLG. However, I quickly realised that DLG could open the door to many of the jobs I was interested in. For example, I love large machines and driving trucks, which I get to do a lot in DLG," says Hooman Arshadi.

Hooman is thrilled to have got to know DLG, and during his traineeship he has felt both listened to and acknowledged.

"DLG keeps its promises. I've tried my hand at everything I wanted to – warehouse work, incoming goods and lots of truck driving. And I'm really happy to now be permanently employed," says Hooman Arshadi.

FROM FRANKFRI TO TAULOV TERMINAL

During his employment interview, Hooman was given a tour of DLG Frankfri on Funen, south-west of Odense. Here, he soon started feeling enthusiastic about DLG as a potential workplace.

"I was pleasantly surprised during my first visit to Frankfri. It was the experience of being in a small local place, yet still part of a large business engaged in many different activities. There was plenty of opportunity to try my hand at lots of different things, so the days are very varied," says Hooman Arshadi.

Hooman Arshadi worked in operations in Frankfri from July 2020 until October 2021, after which he switched to a Land & Fritid store as part of his traineeship. However, he soon realised that working in a store was not for him, so he transferred to a traineeship with Nick Boiskau Andersen and Steen Koling's team at the DLG terminal in Taulov. Here, he worked with trucking, goods reception, stacking and picking goods and handling consignment notes. And it turned out to be the perfect match. Today, after completing his training, he has become a permanent member of the team.

"It made absolute sense to offer Hooman a permanent job. We needed people, and as Hooman knows the workplace and the systems, he was an obvious candidate. Hooman has grown after he started working here – both professionally and personally. He has clearly become more motivated. And there was no mistaking his huge smile when we offered him a permanent job," says Nick Boiskau Andersen.

AND HOOMAN ARSHADI HAS SETTLED IN WELL:

"I wake up every morning feeling happy, and I can't wait to get to work. My tasks are varied, my colleagues are supportive, and I really get the feeling that I'm appreciated for what I do," he says in conclusion.



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INTRODUCTION

CLIMATE & ENVIRONMENT

PEOPLE & RESPONSIBILITY

**AGRICULTURE
OF THE FUTURE**

Concrete solutions

Pea proteins for the dinner table

Potential in local proteins

**RESPONSIBLE
PROCUREMENT**



INNOVATION AND CONCRETE SOLUTIONS

Our company is deeply rooted in Danish agriculture, and every day we work to be the farmers' preferred partner.

The rules of the game for agriculture are constantly changing, with farmers being met with new requirements regarding how they run their farms. It is therefore crucial that there are players in the market who can enable farmers to do what is required and expected of them in terms of their contribution to the sustainable transition.

Sustainability is therefore a key strategic focus area in DLG, where we will deliver tomorrow's solutions to our customers and in doing so help to develop the agriculture of the future. We see it as our foremost task to support farmers on their journey towards making their production more sustainable.

ACTION THROUGH CONCRETE INITIATIVES

The specific initiatives we are working on include, for example, developing the crops of the future. By conducting research into plant breeding, we are actively pursuing UN SDG 12 'Responsible consumption and production' as well as UN SDG 2 'Zero hunger' by developing innovative crops that enable agriculture to achieve higher yields on less farmland and to withstand the changes in the weather and climate that crops are expected to be able to tolerate in the fields in future.

At DLG, we want to decriminalise the cow, which has been branded agriculture's number one climate villain. We are therefore a key partner in the 'No-Methane'

research project that is seeking to develop a special product which, when added to the cattle feed, will reduce the amount of methane produced in the cow's rumen by up to 50%. In 2021, Innovation Fund Denmark approved an investment of DKK 16.1 million for the research project which, if it achieves its goal, will have an impact worldwide.

In the agriculture of tomorrow, DLG will give owners and customers the possibility of using climate-efficient fertilisers produced using wind power from the North Sea. Therefore, we are one of the main players in Europe's largest Power-to-X plant which is being built in Esbjerg, Jutland. Here, the plan is to convert wind power into green ammonia, which can then be used to produce green fertiliser for agriculture.

COMMON GROUND ACROSS THE INDUSTRY

Developing tomorrow's agriculture calls for visions and cooperation. Therefore, our work closely follows UN SDG 17 'Partnerships for the Goals' by establishing strategic partnerships with other key players in our industry so that – by pulling together – we can ensure the highest possible value creation for farmers and for society.

In September, DLG co-organised a series of workshops with the Copenhagen-based think tank Frej which, under the heading 'Farmers take the future into their

own hands' asked farmers, companies and politicians to suggest ways of reducing the use of plant protection products. The three workshops resulted in a number of recommendations for the political parties, which were submitted to the Danish parliament in November.

In DLG the strategic direction of our work with the sustainable agriculture of the future involves both a strong commercial focus and concrete solutions. Given our roots, we have a thorough understanding of farmers' needs, and going forward we want to continue to enable them to make the most sustainable choice when dealing with us.

At DLG, we run our business with sustainability in mind. We develop long-lasting solutions that make perfect sense for farmers in both the short and long term. To ensure a broad focus, DLG's work with sustainability is anchored throughout our business, giving colleagues across departments the opportunity to interact with each other on the subject.

At DLG, we believe that facilitating the sustainable transition holds considerable potential – for DLG, but also out on the farms, where we need to deliver solutions that enable farmers to run their businesses – also as part of the agriculture of the future.



FROM FIELD TO FORK:

PEA PROTEINS FOR THE DINNER TABLE

Our German agricultural company HaGe has invested in a new plant in northern Germany that will produce highly processed pea proteins for the food industry. The project is part of our 'Zero' sustainability plan and is also one of our biggest green initiatives in the strategically important German market.



DLG's German subsidiary HaGe is cooperating with other players to build a factory in northern Germany that will produce highly processed pea proteins for the food industry using advanced technology and processes.

In participating, HaGe is ensuring the local production of sustainable raw materials while becoming a buyer of by-products for use in the feed industry.

Kristian Hundebøll, Group CEO in DLG, says:
"At DLG, we've been working for several years with sustainability, and this year we have set the ambitious goal that the company will be climate-neutral by 2050. By establishing the pea protein factory in Germany, we are sending a clear signal of where we are heading. Therefore, I'm also delighted that, as a group, we're taking some significant 'green' steps - also in Germany, which is a key market for us."

GREEN PROTEINS ARE GROWING

The cultivation of grass and peas, for example, has the effect of fixing nitrogen, and at the same time the grass binds CO₂ to the soil, which prevents it from being released into the atmosphere. Therefore, growing grass and peas has a strong climate and environmental profile, and in the long term we also believe there is considerable potential in Denmark for growing legumes for human consumption.

"We're seeing an increasing demand for plant-based foods, and we expect this trend to continue in the coming years. Therefore, I'm delighted that we are leading the way on the German market by building a factory that is focused on the sustainable agenda within human nutrition," says Kristian Hundebøll, and adds:

"This shows that we're not afraid to invest in new technology, which we believe is crucial to achieving the goal of having a climate-neutral industry by 2050."

The plan is for the pea protein factory in northern Germany to be ready by 2023. When production is fully up and running, it will have a capacity of 50,000 tonnes a year.

You can read more about the grass protein factory in western Jutland on page 44.

BIOREFINE PRODUCES GRASS PROTEIN:

"THERE IS A HUGE POTENTIAL FOR DANISH AGRICULTURE IN PRODUCING PROTEINS LOCALLY"

DLG owns 50% of the green biorefinery BioRefine Denmark A/S, which produces organic green protein. At the moment, the protein is used for animal feed, but the company's CEO, Vagn Hundebøll, sees huge potential in expanding production – also for human nutrition.

DLG co-owns the company BioRefine Denmark A/S, which is a pioneer within green protein. BioRefine Denmark A/S is located in Varde in western Jutland, where the biorefinery extracts organic, green protein from 3,000 hectares of locally produced clover grass and alfalfa.

The production of green protein taps into DLG's overall work to create sustainable solutions for farmers that can help them on the road towards a greener agricultural production.

The target for the local plant in Varde is an annual production of about 7,000 tonnes of organic protein with a raw protein content in excess of 50%. Currently, the green protein is used in animal feed as a substitute for soy.

The facility was inaugurated at the end of August 2021 with a visit from Rasmus Prehn, the Danish Minister for Food.

But what is the potential for Danish agriculture when producing green protein?

One of the key people in the project, Vagn Hundebøll, CEO of BioRefine Denmark A/S, has an idea. According to him, there is a huge potential for Danish agriculture in producing proteins locally.

What prompted the idea of starting BioRefine, and why are you a part of it?

"DLG is a farmer-owned cooperative, and we're working closely with our farmers to find out how we can reduce our combined climate footprint. And one of the initiatives is BioRefine."

"BioRefine is an offshoot of what one calls 'the green biorefinery'. In the same way as crude oil, which is refined into various fractions, the same thing can be done with grass. I've previously worked with grass in other projects, so I've already been involved with green biorefining."

How do you extract green protein? What are the benefits?

"Working with grass at a biorefinery ensures a positive environmental impact, as a grass field fixes nitrogen and other nutrients. We use a technology at BioRefine that gets more out of the grass by separating the individual products. We make a spectrum of products – protein, various fibre products and biogas. We usually say that one plus one equals more than two."





"Our raw materials are organic, so the end-product is also organic. And the resulting protein can replace soy one to one, which is positive, as it can reduce agriculture's dependence on soy imported from abroad. I'd be lying if I said that we didn't feel over the moon when the first sack of green protein was a reality."

What is the outlook for green protein and BioRefine?

"In the short term, I first want the BioRefine plant to run optimally. Further ahead, we will also start producing protein for Danish consumers, and thus go all-in with protein for humans. But to succeed with this, we first have to find a technology with which to purify the protein so that it doesn't taste of anything at all."

"I've thrown myself into working with BioRefine because I like doing things in new ways, while at the same time being driven by competition and constantly being ahead of the game technologically. And BioRefine fits the bill perfectly."



THE JOURNEY OF PROTEIN - FROM FIELD TO GREEN PROTEIN

The protein's journey is fast-paced. From when the grass is harvested, it has to be transported from the field to BioRefine's factory, finely cut and pressed within the space of only 8 hours. The grass is pressed to produce a liquid, or green juice, and it is from this that the protein is precipitated.

Once the liquid is pressed out of the grass, green fibre is left as a by-product. The green fibre has a dry matter content of about 40%, and is primarily used to produce biogas, but experiments are being conducted all the time to establish whether it may be suitable for other uses, for example for packaging, textiles and as cattle feed.



INTRODUCTION

CLIMATE & ENVIRONMENT

PEOPLE & RESPONSIBILITY

AGRICULTURE
OF THE FUTURE

RESPONSIBLE
PROCUREMENT

Focus on supply
chain management

Responsibly produced soy



FOCUS ON SUPPLY CHAIN MANAGEMENT

Every year, DLG trades with suppliers from all over the world, and we are well aware of the associated responsibilities and risks. Therefore, responsible procurement is a priority for us, and we deliver on this by cooperating with our suppliers based on DLG's 'Supplier Code of Conduct'.

In a company the size of DLG, it is important that we work every day to strengthen the group's control of the risks associated with our large and complex international supply chain. We have created our Supplier Code of Conduct (SCoC), which is central to our work with responsible supply chain management. In it, we describe in detail the requirements to be met by our suppliers.

DLG's SCoC is drawn up on the basis of our own CSR policy, the 10 Global Compact principles, the European Compound Feed Manufacturers' Federation's (FEFAC) Soy Sourcing Guidelines as well as input from the Danish Alliance for Responsible Soy and the Roundtable on Sustainable Palm Oil (RSPO).

DLG'S SUPPLIER CODE OF CONDUCT

We work with a large number of suppliers who supply a broad portfolio of products. To ensure accountability in the supply chain, we continuously conduct checks on existing and new suppliers to ensure that they meet our requirements and expectations.

In 2021, these checks primarily focused on getting more of our strategically important and business-critical suppliers to first and foremost sign our SCoC and then to comply with it. As a central part of the process of encouraging more suppliers to sign our SCoC, we are happy to enter into dialogue with our suppliers. The dialogue is intended

to ensure that they understand the principles of the SCoC, and that they accept and sign the code of conduct. The process also involves ongoing follow-up work where, by means of various initiatives, we ensure a real anchoring of and compliance with the SCoC.

In 2022, the plan is to take an even more targeted and streamlined approach to working with the SCoC – also at group level. This includes increased focus on the follow-up work related to the SCoC out in the separate business units. In addition, in 2022 we will continue to conduct audits of our biggest and most important suppliers. As part of our work with the sustainability plan 'Zero', it is important for the DLG Group that green and sustainable initiatives are not just about policies and contracts, but about actual working methods. This will be controlled to a greater extent in future.

SOURCING OF RAW MATERIALS

The procurement of raw materials is a significant part of DLG's daily business, and we import many raw materials from South America and Asia, for example. In our raw materials trading, DLG has a strong focus on sustainability, which includes ensuring responsible production conditions and compliance with labour rights in the countries of origin.

Soybean meal is the raw material that DLG imports in the largest quantities (by weight). It accounts for approx. half

of DLG's total imports of raw materials. This is because soybean meal is used in the majority of feed mixtures produced by DLG. In addition, DLG sources rapeseed from primarily Denmark and northern Europe, beet pulp pellets from Denmark and Russia, sunflower meal from primarily Russia and distillers dried grains with solubles (DDGS) from primarily Sweden.

The procurement of raw materials from different countries of origin demands a lot in terms of our ability to control production conditions and methods. At DLG, we have a raw materials procurement policy which requires that at least 90% of our suppliers have a certified quality system in place. We strive to ensure that most of our purchased raw materials are certified in accordance with Good Manufacturing Practice (GMP+) and that the products are therefore produced to certain standards. In 2022, we expect to be able to strengthen our targeted control of compliance with the procurement policy. The DLG Group's Swedish agricultural company Svenska Foder operates in line with the guidelines described in the Swedish Soy Dialogue. Therefore, all the soy used to make feed is certified according to ProTerra, Round Table on Responsible Soy Association (RTRS) and IFOAM Organics Europe, or the soy is evaluated through an external audit based on certain criteria which are specified in the soy dialogue.

INCREASING THE AMOUNT OF SUSTAINABLE SOY

At DLG, we import approx. 900,000 tonnes of soybean meal a year. Together, Europe accounts for 10% of the world's total soy imports.

Although the amount of soy we import accounts for only a small proportion of world soy production, we want – together with Danish and European players – to set a clear direction for Europe's trade in sustainably produced soybean meal.

One of the key goals in our sustainability plan is for all the soybean meal we buy to be responsibly produced and deforestation-free by 2025 at the latest. In addition, all the soybean meal purchased by DLG must follow the responsible FEFAC Soy Sourcing Guidelines. In February 2021, FEFAC presented a number of new criteria for the procurement of sustainable soy. The feed manufacturers' federation now has a total of 73 criteria, of which 54 are mandatory. One of the new criteria relates to the purchase of verified and deforestation-free soy.

Every year, we work on increasing the amount of imported verified and deforestation-free soy by 20%:

2021: 20%
2022: 40%
2023: 60%
2024: 80%
2025: 100%

In 2021, the goal was for 20% of the total volume of imported soy to be sustainably produced. This year, the DLG Group has imported a total of 856,000 tonnes of soy, of which 171,200 tonnes were sustainable. This equates to 20%, and at group level we have thus achieved the first important milestone en route to our target of 100% by 2025.

SOY ALLIANCE

In August 2020, DLG joined the Danish Alliance for Responsible Soy. We have done so because we believe in broad cooperation across the food cluster if we are to create real and lasting change in imports of sustainable soybean meal.

As members of the soy alliance, we are trying, by collaborating with other important players in the Danish food cluster, to establish a strong and sustained effort to bring about positive change in the countries where the soy comes from.

In 2021, the cooperation in the Danish Alliance for Responsible Soy primarily focused on finding common ground with the other players in the food industry. Decisions on which direction the cooperation should take were made at quarterly meetings. For us, the cooperation is extremely valuable, as we are keen to start working with all the various links in the value chain, which we expect to take some time. This is how we believe that we can help bring about lasting change in the broader perspective.

We are in dialogue with players in South America, and have consequently become aware of possible non-compliance with rules and requirements. We believe that large companies like ours can help shape developments by imposing requirements

and creating demand, yet we are well aware that we cannot change anything on our own, as our overall market share is too small. That is why, by cooperating with our European partners, we are trying to create the demand needed to drive the transition.

Changes in the producing countries take time. Therefore, in 2022, DLG will keep up the momentum in our cooperation with suppliers through both the Danish Alliance for Responsible Soy and by strengthening our own initiatives.

ONE STEP CLOSER TO THE SOUTH AMERICAN FARMER

- In 2021, the DLG Group started collaborating with a key player in Brazil.
- Together, we will form a stakeholder forum with the aim of getting close to South American farmers and helping them to understand how they can meet EU demands and regulations.
- For example what European buyers need and require in terms of non-GM feed, and what the farmers can expect to be paid if they are able to deliver on this.
- In this way, they will be able to run their farms more sustainably, which is important for those buying the soy beans.





SOURCING OF VITAMINS, MINERALS AND OTHER FEED COMPOUNDS

The DLG Group's vitamin and mineral activities are handled under the Vilofoss brand. The raw materials purchased by Vilofoss are checked and regulated in accordance with Commission Regulation (EU) No. 1831/2003 on feed hygiene and EU Directive 2002/32 EC on undesirable substances in animal feed.

Vilofoss operates in an industry where the focus is on production methods within chemistry, fermentation and petrogenic production. In collaboration with manufacturers and suppliers, Vilofoss strives to adhere to the principle of proactive responsibility towards people and the environment. Therefore, they regularly conduct supplier audits, checking suppliers in the countries in which Vilofoss is present. These physical supplier audits are high on the list of priorities at Vilofoss, as the audits enable them to see with their own eyes how the processes are conducted. Thus, Vilofoss has the best possible basis for deciding whether the production methods meet the requirements for good conditions for humans, production and commercial aspects. By conducting its own checks, Vilofoss – and hence the DLG Group – can vouch for what is being done and the companies with whom it is doing business.

One of Vilofoss's largest suppliers of minerals is China. China has come a long way in terms of controlling energy sources and cleaning their waste water as they use high-tech processes to do so. All Vilofoss's producers and suppliers are certified in accordance with the Feed Standard (GMP+, FAMI-QS etc.).

In 2021, the direct link between producers and Vilofoss as purchasers was strengthened. Vilofoss is increasingly having products delivered in containers directly to the new DLG terminal in Taulov, which is another focus area that will be further strengthened in 2022.

ACTION PLAN FOR SOY IMPORTS:

THE PATH TO RESPONSIBLY PRODUCED SOY

By 2025, the soy we import must be responsibly produced and deforestation-free according to the FEFAC Sustainable Soy Guidelines. As part of our action plan for responsible soy, we have set annual progression goals.

Every year, the DLG Group imports around 900,000 tonnes of soybean meal primarily from North and South America. Argentina, Brazil and the USA are among the biggest exporters. Soy has been a controversial commodity for many years, especially as parts of soy production have unfortunately caused negative environmental impacts in the form of deforestation in some parts of South America and due to the ensuing consequences for the climate and biodiversity. With our soy action plan, at DLG we are working to stop deforestation and instead increase the production of sustainable soy.

"In our view, the most important thing is that we focus on creating real and lasting change in the countries where the soy is produced. It is a complicated value chain, and the necessary transition takes time, but this is the right approach if we are serious about influencing soy production in a more sustainable direction," says Jesper Westmark Andersen, Vice President, Raw Materials at DLG.

Together with his team, he is responsible for purchasing the soy that DLG imports to Denmark. In 2021, the DLG Group imported a total of 856,000 tonnes of soybean meal. Of this, 20% was verified deforestation-free, which is in line with the objectives of DLG's action plan for responsible soy. The idea is to increase the quantity of verified deforestation-free soy by 20% a year, so that by 2025 all the soy imported by DLG is verified deforestation-free.

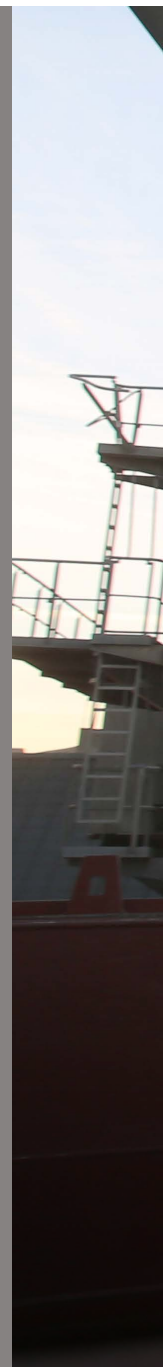
"It may sound straightforward to just go out and buy soy that is verified deforestation-free, but unfortunately there is not as much of this kind of soy available as one might like, which means that prices are correspondingly high. Therefore, we're working to increase the level of focus in Europe on the topic so that we can further increase demand - and thereby stimulate supply," says Jesper Westmark.

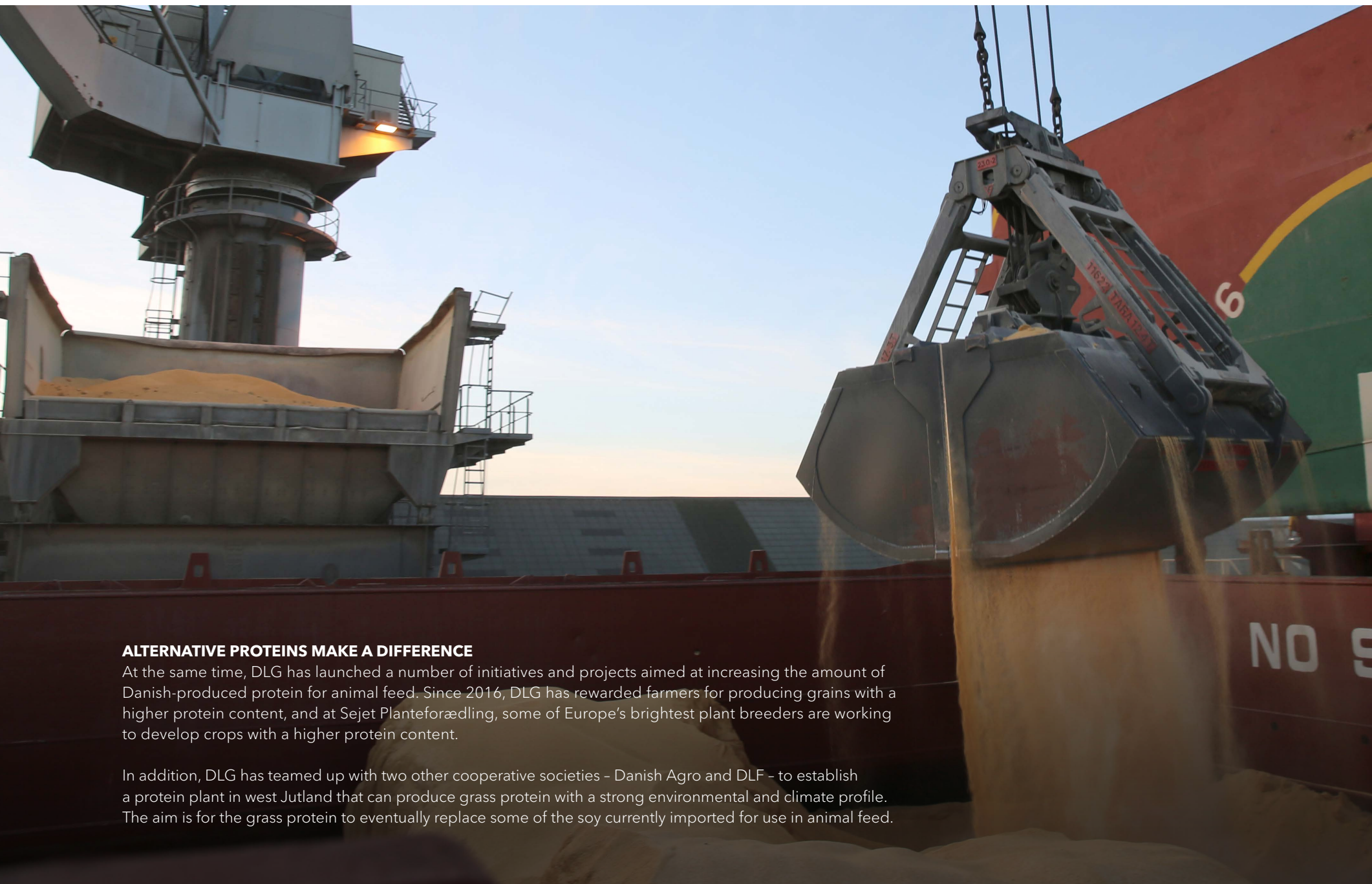
COOPERATION IN THE SOY ALLIANCE

DLG has been working since 2015 to promote the production of sustainable soy. In 2019, DLG was the first Danish agricultural company to commit to the goal of all the soy it purchases in 2025 being responsibly produced and verified deforestation-free. In 2020, DLG took further steps to realise this goal by joining the Danish Alliance for Responsible Soy.

Members of the alliance cooperate closely to make soy more sustainable. As a new member of the Danish Alliance for Responsible Soy, DLG had to draw up an action plan for how we intend to contribute to the alliance's vision and the goal that soy imported to Denmark is responsibly produced and does not contribute to deforestation.

The action plan was published in early 2021, and sets the standard for how DLG will work to make its soy imports more sustainable.





ALTERNATIVE PROTEINS MAKE A DIFFERENCE

At the same time, DLG has launched a number of initiatives and projects aimed at increasing the amount of Danish-produced protein for animal feed. Since 2016, DLG has rewarded farmers for producing grains with a higher protein content, and at Sejet Planteformidling, some of Europe's brightest plant breeders are working to develop crops with a higher protein content.

In addition, DLG has teamed up with two other cooperative societies - Danish Agro and DLF - to establish a protein plant in west Jutland that can produce grass protein with a strong environmental and climate profile. The aim is for the grass protein to eventually replace some of the soy currently imported for use in animal feed.

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