

UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2022



ABOUT THE DANISH AGRO GROUP

Danish Agro is an independent cooperative-based company owned by 8,250 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 over 5,000 employees in 15 countries, primarily in Scandinavia and the Baltic region.

Danish Agro is a member of FEFAC, DAKOFO which is the trade organisation for crop and feed trading in Denmark and is also a member of the trade association Danish Agriculture and Food Council. 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 seventh Communication on Progress report and serves as the group's mandatory report on Corporate and Social Responsibility (CSR) pursuant to Section 99(ab) of the Danish Financial Statements Act for the financial year 2022. The Danish Agro group's annual report will explain the group's policy on data ethics in accordance with Section 99(d) of the Danish Financial Statements Act. The annual report will be available on Danish Agro's website danishagro.com.

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 a 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.

In 2020, we started the process of developing a number of specific 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 2022, the Danish Agro board of directors has approved the Group's new ESG targets, including interim targets towards a carbon-neutral production by 2050, i.e. by 2026 we will have reduced CO₂e emissions in Scope 1 and 2 by at least 30% compared to 2020, and by 2030 the reduction will be at least 50%.

Maintaining our high employee satisfaction is also part of the Group's new ESG targets. In 2022, we conducted an engagement and satisfaction survey globally for the first time and the objective is to maintain or improve this score by 2030.

Finally, the Group aims to promote gender underrepresentation in our governing bodies as well as in our leadership teams. Internally in the Group, we have 19% women at C-level (CEO, CFO and COO). Our objective is to raise this number to 30% by 2030.

In general, in relation to the 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, among other things, 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 continuing to work with the Global Compact principles in the year ahead.



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 industry standards in the countries where we have activities.

Furthermore, Danish Agro continues to focus on diversity and ensuring diversity in the Board of Directors and executive positions.

ACTIVITIES AND RESULTS

At Danish Agro, we believe that, by maintaining our policies on human rights in 2022, we made a positive contribution to respecting human rights in the workplace, and we encountered no breaches of human rights in our business in 2022. The Danish Agro group's support and respect for international conventions on human rights are reflected internally 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 2022 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 for animal production in Denmark must have been produced under responsible conditions. Among other things, this involves avoiding repression and discrimination against workers and the use of child labour, and ensuring the freedom to unionise. In addition, the international rules for the use of pesticides must be respected, and production of food in vulnerable areas avoided.

Therefore, Danish Agro has contractual requirements stating that soya for feed 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.

In 2020, we committed that all soy we import in 2025 will be responsibly and verified deforestation-free produced according to the guidelines for sustainable soy, as described by the European feed organisation FEFAC.

From further initiatives in the field of human rights, Danish Agro's delegated assembly has continued its work in 2022, following the decision at Danish Agro's general meeting on 5 March 2019 to establish a delegated assembly. Danish Agro's delegated assembly is now, among other things, responsible for the appointment of the company's board of directors.

With this new delegated assembly, Danish Agro is strengthening democratic representation across regions, types of operations and competencies 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 on a broader and more representative basis.

Gender composition statement

At Danish Agro's annual general meeting on 3 March 2021 for the first time, two external board members were elected to Danish Agro's board of directors. These are Karen Hækkerup, former Secretary General of UNICEF Denmark and former CEO of the Danish Agriculture and Food Council, and Anne Kathrine Steenbjerg, CEO and majority shareholder in the transport company ANCOTRANS.

In addition to adding relevant and significant competencies to Danish Agro's Board of Directors, this is a result of previous years' work across the group with target figures and policies for the gender composition of the management and its reporting hereof.

Danish Agro does business in a male-dominated industry, and it is generally difficult to attract women to board positions and management positions in the agribusiness industry. It is, therefore, very positive that two of the eight members of the board of directors are now women and that seven women have been elected from among the 45 members of the company's delegated assembly.

Danish Agro believes in a diverse board of directors, and this also applies to the gender composition of the board of directors. Thus, the target for the gender composition of Danish Agro's board of directors was to increase the current female representation on the board of directors by 17% (equivalent to 1 person) by the time of the Annual General Meeting in 2022. This target figure has thus been fully met, as the current proportion of women on the board of directors is 25%.

The new target figure for the gender composition of Danish Agro's board of directors is that women should represent at least 25% of the board of directors at the annual general meeting in 2024, which is ambitious in relation to the proportion of women in agriculture.

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 the boards of directors of subsidiaries is based on a group perspective of how to best support the group's strategy. The boards of directors of subsidiaries are, therefore, often composed of members of Danish Agro a.m.b.a's group management team together with representatives of the ultimate owners. In addition, the board of directors also includes representatives of external minority shareholders.

Danish Agro has set the following targets for the proportion of the under-represented gender on the boards of directors 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 the underrepresented gender 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 reflect the fact that the subsidiaries are also operating their business in a male-dominated industry.

However, we are pleased to note that the subsidiaries Dansk Vilomix A/S and Hatting A/S meet the target for the under-represented gender on the board of directors in 2022.

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 group's management after a policy for women in Danish Agro's other management roles was drawn up. 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 proportion of women in management positions is as follows:

1. The group Executive Board 0%
2. The group management team, including staff 0%
3. Managers in the group at C-level 19%

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 2025
DANISH AGRO MACHINERY A/S	3	0	3	0%	33%	End of 2025
DA AGRAVIS MACHINERY HOLDING A/S	4	0	4	0%	25%	End of 2025
DV INTERNATIONAL HOLDING A/S	5	0	5	0%	20%	End of 2025
DV AGRAVIS INTERNATIONAL HOLDING A/S	5	0	5	0%	20%	End of 2025
VILOMIX INTERNATIONAL HOLDING A/S	5	0	5	0%	20%	End of 2025
VILOMIX HOLDING A/S	4	0	4	0%	25%	End of 2025
DANSK VILOMIX A/S	2	1	3	33%	33%	OK
HATTING A/S	2	1	3	33%	33%	OK
DAN AGRO HOLDING A/S	3	0	3	0%	33%	End of 2025
HEDEGAARD A/S	3	0	3	0%	33%	End of 2025
DAVA FOODS HOLDING A/S	5	0	5	0%	20%	End of 2025
DAVA FOODS DANMARK A/S	3	0	3	0%	33%	End of 2025
DLA AGRO A.M.B.A.	7	0	7	0%	14%	End of 2025
SCANOLA A/S	5	0	5	0%	20%	End of 2025

Compared to last year, the figure for managers in the group has changed, as the 2022 figure is for C-level executives (CEO, CFO and COO). Our goal is to raise the number for C-level managers to 30% by 2030.

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 further relation to human rights, Danish Agro chose to sponsor the start-up association 'De Kvinde-lige Bønder' (The Female Farmers) back in 2021. The association was founded by women in agriculture and aims to strengthen knowledge sharing, collaboration and friendship across women in agriculture.

The building block of the association and its members comes from a lack of female acquaintances, sparring partners as well as female friends within the profession. With the sponsorship, Danish Agro wishes to support the association and its members in developing the association further and thus contribute to the women's community and development in agriculture. The sponsorship was extended to 2022.

Furthermore, in 2022, Danish Agro group's subsidiary Polish Agro supported the organisation WOSP, which is the largest non-profit charity organisation in Poland. WOSP raises funds in the medical specialty of children's diseases as well as elderly care, and Polish Agro's support has gone to medical instruments for premature babies in Poland.

At the same time, in 2022 Polish Agro supported an orphanage in the Polish city of Bydgoszcz for the tenth consecutive year. Polish Agro's support goes to both everyday items for the children as well as experiences in the form of, for example, ice skating trips and small gifts.

Major risks related to human rights

The main risks related to human rights are that the Danish Agro group, due to its industry and size, has a very extensive and global supply chain with many links. This increases the complexity of ensuring and promoting human rights at all links in the chain.

We are continuously working to strengthen the Group's control over the risks associated with this. This includes our Code of Conduct, and since 2014 we have been part of the UN Global Compact, where we annually communicate our progress and commitment to responsible corporate governance, including in relation to human rights.

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.

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. Furthermore, we have a whistleblower scheme to ensure that serious matters relating to our organisation are reported.

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 2021, Danish Agro introduced a whistleblower scheme for the group's Danish companies, and in 2022 the scheme was introduced for the group's other companies. The scheme is intended to ensure that employees of the Danish Agro group can report all serious matters relating to the organisation confidentially and securely. The scheme supports Danish Agro's focus on trust and security that must apply to all employees in the group. This is also because we have a policy on bullying and sexual harassment aiming to ensure a harassment-free working environment at Danish Agro.

In addition, in 2021, the Danish Agro group's first survey was conducted on employee well-being and commitment in the group's Danish companies. In 2022, the survey was repeated, this time for all of the group's companies.

It is part of the Group's ESG targets from 2022 to maintain or improve the strong performance in the engagement survey towards 2030.

In 2022, 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 commercial activities and to better equip the Danish Agro group's managers to deal with leading change, communication, and HR matters.

Danish Agro's traineeship programme continued in 2022. The trainee programme is for young people with a professional agricultural or sales background who want to attend a sales-focused training programme in the agribusiness sector. One trainee completed the programme in the summer of 2022 and has subsequently been employed in a full-time position at Danish Agro.

In September 2022, two new trainees started, bringing the total up to three trainees at Danish Agro. They follow tailor-made programmes focusing on either pigs, cattle, plant breeding, poultry or logistics and 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. Danish Agro uses this knowledge to supplement the trainee programme with commercial competencies and practical experience. In 2023, the plan is to get another four trainees to join the Danish Agro group.

In addition, in Danish Agro, we have several trainees and apprentices from vocational education, including an economics trainee, a media graphics trainee, a logistics trainee, a warehouse trainee, a process operator trainee and five trainee goods drivers. Furthermore, in 2022 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.

A result of this work was seen in 2022 when two of Danish Agro's driver trainees won a number of awards at the Danish Championships for Transport Trainees, including first place in driving a forwarder and trailer, second place in driving a crane and second place in theory.

Furthermore, in 2022 Danish Agro launched a specialised CLAAS apprenticeship in Denmark in cooperation with HEG, Himmerlands Erhvervs- og Gymnasieuddannelse. The new training offers young machine mechanics to become specialised in CLAAS products and provides apprentices with a training and a workplace where they have the opportunity to build a robust network with other CLAAS colleagues across the country. The plan is to expand the training in Norway and Sweden in the future.

Regarding employee rights, Danish Agro's Finnish subsidiary Hankkija also joined the "Get to know and Earn" initiative in 2022. This includes the responsibility of companies to offer schoolchildren a two-week introduction to working life through an internship. Under this initiative, Hankkija had 60 schoolchildren in internships over the summer of 2022.

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 2022, 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, among other things, also to better equip the Danish Agro group's managers to deal with leading change, communication, and HR issues.

If these risks are not managed, the consequence may be a lack of employee job satisfaction that can lead to a 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. This year, for example, with the large amounts of precipitation, there will be a greater need to dry the crop after harvesting, and thus greater energy consumption compared with 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 energy consumption.

At the same time, in 2022, 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 and 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 and 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 opportunities for developing a standardised and internationally recognised climate tool to mea-

sure Danish agriculture's climate footprint, known as ESGreen Tool. The tool went live in its first version in 2022. This is an important instrument that creates the right conditions in order to be able to prioritise and identify areas for action.

Danish Agro's vision is that this climate tool should become 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 stables - so the farmer 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 other things, represented via the Danish Agriculture and 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 third countries. This is, among other things, done through the processing of different protein crops, including horse beans and peas, in the group's seed corn processing company, Nordic Seed. In 2021, in this connection, Nordic Seed participated in a new project, KlimÆPro, in collaboration with SEGES, AU Food and a number of other companies with support from the Danish Agriculture Authority's GUDP programme. Work on the project has continued into 2022.

The aim of the project is to identify peas as a substitute for other protein ingredients imported for use in food, for example, soya. KlimÆPro is about getting Danish variety development, cultivating and processing peas started by creating the knowledge that farmers and companies need, for example, about varieties, cultivation methods, quality, taste experience, protein and starch content. Included in the work is data collection for the life cycle analysis (LCA) of peas from farm to fork, which is important in assessing and documenting the climate footprint of the value chain.

In addition, in 2022 Danish Agro participated in a GUDP project called RAPS, which aims to develop a new rapeseed product that can be used in compound feed for pigs for slaughter as a local protein raw material, and is thus part of our work to find alternatives to soy as a protein product in pig feed. Through a collaboration across Danish Agro, Chr. Hansen, DSM and Aarhus University, it will be investigated how rapeseed cakes and rapeseed hulls can achieve a better protein and phosphorus digestibility in pigs for slaughter.

The essence of the project is to make the rapeseed products easier to digest for the pigs, as this will lead to a better feed utilisation. This will also benefit the climate by reducing nitrogen and phosphorus emissions in the slurry from the pigs.

In a further GUDP project, EntoFeed, Danish Agro group's subsidiaries Hedegaard and Vilomix collaborated with Aarhus University in 2022 to develop the production of insects as an alternative protein source in animal feed for pigs and poultry. The project works to optimise feed and feed utilisation and increase the growth of Black Soldier Fly larvae. The aim is to develop a feedstuff table and establish standards for, for example, amino acid and carbohydrate levels for the larvae.

In 2020, Danish Agro, DLG and DLF joined forces to establish a new protein plant to produce air-efficient protein, and the BioRefine protein plant was inaugurated in 2021. At the protein plant, organic green protein is extracted from 3,000 hectares of locally produced clover grass and lucerne, and it is expected to produce about 7,000 tons of organic protein annually for animal feed once the plant is fully run-in. Work on this has continued in 2022.

The plant is thus part of the work to develop locally produced protein sources and replace part of the soya that agriculture uses in feed today. It is one of northern Europe's first to produce protein with a strong environmental and climate profile and will potentially also produce protein that can be included in food in the long term.

In 2022, Danish Agro became part of a Danish biogas project, where the intention is to establish a new farmer-owned biogas plant between Vejen and Kolding. In 2022, Danish Agro joined the steering committee of the company 3KNT-Bioenergi, which already has the participation of the Supplier Association 3KNT-Bioenergi AMBA and Linkogas AMBA. In 2023, work will be done to obtain the necessary regulatory approvals and agreements with future suppliers.

In 2022, Danish Agro also joined forces with the other cooperatives DLG, Arla and Danish Crown to explore the possibility of a green manure factory in Denmark. The intention is, through the newly founded company Green Fertilizer Denmark, to investigate the possibilities of establishing a Danish production of commercial fertilizer made from green ammonia and thus more sustainable than conventional fertilizer produced from fossil fuels.

This work will continue in 2023 and includes, among other things, studies of possible locations, various environmental studies and project design. If the preliminary studies show that there is a basis for establishing a fertiliser plant on Danish soil, it could be ready by 2028 at the earliest.

Additionally, 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 was ready to start testing and development in 2021 and was fully commissioned in 2022 until it was unfortunately hit by a fire, caused by a design flaw, in August 2022. It is expected to restart in 2023.

Furthermore, in 2021, in collaboration with East Jutland farmers organised as a supplier association and the energy company Aura Energi, Danish Agro entered into a project to explore the possibility of establishing a biogas plant in East Jutland.

The hope is that it will be possible to establish a plant that can produce up to 24 million m³ of methane per year, which is equivalent to what it takes to heat 15,000 households. As a result, the company Bioenergi Østjylland A/S was established in 2022 and subsequently merged into the newly established company ADA Green Energy, a joint company established by Danish Agro and Aura Energi to invest in green renewable energy projects.

Through joint investments, the new company ADA Green Energy will help secure the future supply of renewable energy in Denmark and make significant progress in the green transition.

The aim of the new company is to produce at least 200 GWh annually by 2025. This is equivalent to the energy consumption of between 40-50,000 households. The electricity produced will help to ensure that Danish Agro group's electricity supply in Denmark comes exclusively from renewable energy sources in the long term.

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 2022 we again achieved a reduction in gas consumption at the Skamby plant compared to before the biofuel plant was put into service. In 2022 this resulted in a total saving of 731 tonnes of CO₂.

Danish Agro's strategic focus on plant-based foods led in 2021 to the group investing in the hemp seed company Møllerup Brands. Hemp seeds are an exciting raw material with good nutritional and production properties, and, at the same time, hemp is a frugal plant to cultivate.

Furthermore, hemp seeds have good protein properties, which will be tested as part of the group's strategy to develop more locally produced protein. Through Møllerup Brands, Danish Agro acquired the spice company Karlsens A/S in 2022, thus strengthening its focus on plant-based foods.

The acquisition of Karlsens A/S creates entirely new opportunities to expand the range of Danish, sustainable and plant-based foods.

Following this, in 2022 the company DAVA Foods Ingredients was established, which is a merger of the companies Karlsens A/S and Møllerup Brands. DAVA Foods Ingredients is a new plant-based business area under the Danish Agro group subsidiary DAVA Foods, which will strengthen the distribution and further processing of crops grown by Danish farmers.

In addition, Danish Agro invested in 2022 in the plant-based and organic food company Organic Plant Protein A/S, which produces plant-based meat substitute products based primarily on peas and horse beans. The acquisition is part of Danish Agro's strategic focus on plant-based foods, and with the investment will go even deeper into the plant-based food market.

In 2022, Danish Agro also entered into a cooperation agreement with Agreeena, a company that facilitates climate certificate trading. The cooperation agreement means that the two companies will jointly spread awareness of climate-friendly cultivation methods and the associated possibility of issuing climate certificates among farmers. The climate certificates are based on climate-friendly farming practices such as regenerative agriculture.

When a farmer switches to regenerative farming practices, greenhouse gas emissions are reduced and carbon is stored in the soil.

Agreeena's CO₂e certification programme quantifies how much carbon is stored in the soil, and climate certificates are issued on this basis. In 2022, the focus has been on expanding the cooperation with Agreeena to farmers in Denmark, Finland and the Baltic States, but the plan is to extend the cooperation to the entire Danish Agro group business area.



In 2022, 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 benefit the environment. The result for 2022 was at a record high with 728,000 kilos of collected plastic bags. The campaign, which has been running since 1975, employed 107 young 4H members from all over Finland in 2022.

Furthermore, in 2022 Hankkija entered into a cooperation with the company L&T in Finland to recycle Hankkija's shop pallets. L&T is a service company specialising in circular economy. Thus, approximately 22,900 pallets were sent from Hankkija's stores to L&T for recycling in 2022.

Danish Agro's Polish subsidiary Polish Agro switched all its company cars from diesel to hybrid in 2022 to reduce the company's carbon footprint.

In 2022, Danish Agro's subsidiary DAVA Foods Sweden completed construction of a 7,200 square metre solar panel plant near the city of Skara in Sweden. The plant can supply 60% of the electricity used to run the company's nearby egg packing plant. Similar projects are on the cards at several Group companies in 2023.

An additional initiative for the environment and climate is that Danish Agro participates in promoting the use of sustainable biomass products in Denmark. Danish Agro supports EUTR (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.



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, B3 and B4

Management standard for production, sales, warehousing and transport

FAMI QS

Quality assurance for special feeds, vitamins, minerals and additives

REDcert and ISCC

Sustainability certification – rapeseed oil for the diesel industry.

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.

Food safety and quality

At Danish Agro, there is a strong focus on quality and food safety, and it is important for the company to provide good healthy products to our customers. Quality assurance in Danish Agro is about ensuring a culture of feed and food safety and quality awareness in all our processes. This is part of our value proposition Cultivating Value. 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 future 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 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 according to FAMI-QS in order to manage the feed safety of vitamins, minerals and additives. FAMI-QS and GMP are mutually recognised standards which allow the same free trade between companies within the group and the possibility to operate in both national and international markets.

For a number of years, the amount of organic production in Denmark within livestock and crop farming has increased, as has the amount sold at Danish Agro and in the surrounding markets. Unfortunately, this also gives rise to the adulteration of raw materials, which increases the demands on supplier approvals and acceptance testing, and therefore we at Danish Agro have a comprehensive control programme for receiving organic raw materials. But also conventional raw materials for our feed production and for direct delivery to our customers undergo an extensive acceptance testing, which ensures that our feed materials comply with applicable legal requirements, industry requirements and our internal quality requirements.

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. - (Association for Controlled Alternative Animal Husbandry)) certification.

Danish Agro also offers non-GMO feed and ingredients certified by the German VLOG standard. In Denmark, it is the milk producers in particular 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 climate, environment and biodiversity.



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 complying with competition laws 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.

ACTIVITIES AND RESULTS

In 2022, we have continued to prioritise our focus on competition law. Danish Agro's group management team has signed a code of conduct that 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 seminars on competition law are also held for DLA employees on an ongoing basis. In 2023, we will continue to hold seminars on competition law for DLA employees.

In 2022, we have used established risk systems to monitor trading partners, including screening for sanctioned businesses. We will continue to use this in the future.

Going forward, we will continue to focus on and take a critical approach to our trading partners.

In 2022, 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.



DANISHAGRO.COM

