

**Dansk  
Supermarked  
Group**

# **CSR REPORT 2015**



# CONTENT

**1. CEO letter –**  
Page 03

**2. Ownership structure –**  
Page 04

**3. Our business model  
and priorities –**  
Page 05

**4. Key Performance  
Indicators today and  
going forward –**  
Page 09

**9. Reporting approach,  
criteria and performance –**  
Page 33

**5. Equal access to  
jobs and careers –**  
Page 11

**6. Healthy living  
and well-being –**  
Page 14

**10. Company  
information –**  
Page 36

**8. Independent  
practitioner's limited  
assurance report –**  
Page 31

**7. Responsible consumption  
and production –** Page 17

# CEO LETTER

Dansk Supermarked Group holds a unique position in the everyday life of our customers; a position that brings with it great responsibilities, which we fully recognise and embrace. Handling 11 million shopping trips per week, our 51,000 employees across Denmark, Germany, Poland, Sweden and the UK seek to deliver the best possible shopping experience to each and every customer.

As Denmark's largest retail company, our main focus will always be to keep developing a responsible business. Our financial strength enables us to make conscious long-term decisions to the benefit of our customers, our employees, our business and the society around us.

The footprint that we leave on society tells a tale of the journey we have embarked upon. Our strategic aim sets the direction: we want to be the best retailer in all our formats based on financial performance, shopping experience and employee satisfaction. We are seeking to double our sales outside Denmark while remaining vigilant over costs.

Our CSR ambitions are just as clear and ambitious. We are concentrating our efforts around a set of pillars in accordance with the Sustainable Development Goals launched by the United Nations in 2015:

- Equal access to jobs and careers
- Healthy living and well-being
- Responsible production and consumption

In our CSR Report for 2015, you will read about the status of existing CSR projects and learn more about the initiatives we have launched over the past year. In several cases, we used the skills and the scale of the Group to help change rules and regulations to fight food waste and to help promote animal welfare. I hope you will enjoy reading about these and other topics throughout this report.

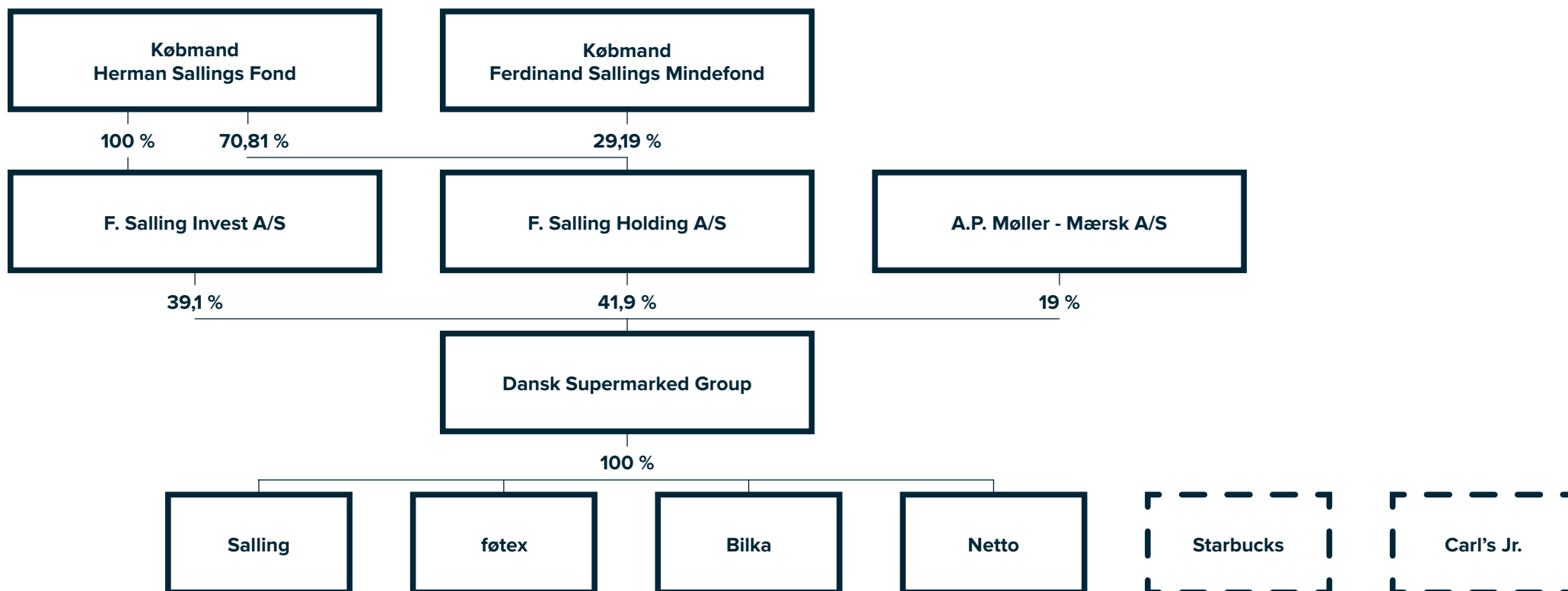


*Per Bank, CEO & President*

In the years to come, Dansk Supermarked Group will maintain a strong CSR agenda. Customers expect us to live up to the high standards we set for ourselves and they judge us not on the promises we make, but on the results we deliver.

The future of our company depends upon our customers and our employees. In turn, their future depends on a world in social and environmental balance.

At Dansk Supermarked Group, we cannot save the world, but we can make a positive difference for our customers, our employees and our surroundings: and we will continue to do so.



# OWNERSHIP STRUCTURE

This report covers the Salling department stores, the retail formats føtex, Bilka and Netto Denmark, as well as Netto in Sweden, Germany and Poland. The department stores and formats are owned by Dansk Supermarked Group.

Data regarding E-commerce with the newly added platform føtex.dk will not be included until next year's report. Netto UK is not covered by this report, as the company is a joint venture with Sainsbury's. Likewise, the franchises Starbucks and Carl's Jr. are not included in the report.

# OUR BUSINESS MODEL AND PRIORITIES

In 2015, the United Nations launched the Sustainable Development Goals. This initiative provided an opportunity to view our business in a different light. These global sustainable development goals, which were adopted by 193 countries, are meant to give direction to developed and developing nations, as well as organisations and companies, in an attempt to make us all pull in the same direction with the capacities we have available to us.

It clearly makes sense that we cannot save the planet individually, but each of us can focus on the areas where we can make an impact. If we try to do too many things individually, then we will probably not have a significant impact on any of the challenges facing us all. By aligning our efforts and focusing on the issues that matter, we can do much more.



**TRANSPORT**



**STORE**



**CONSUMER**

## The retail value chain

A retail business is essentially a distribution channel that connects the manufacturer and the end consumer. Demand flows from the consumer trends up the value chain and results in the constant supply of products that satisfies this demand. A retailer takes a relative small mark up on the cost of the product – in our case we have had an approximate profit margin of 4% over the past few years. A narrow profit margin results in a constant focus on cost and lean operations, which in turn requires a focus on challenges that we can impact significantly.

A multitude of food and non-food products flow through our stores, which means that every conceivable challenge in the value chain is linked to our stores. Moreover, we are in touch with thousands of suppliers, leading to the popular belief that we can influence all our suppliers to change or improve their performance on sustainability. The truth is: we can influence some of our suppliers – some of the time.

## Our ability to impact

Often our impact on suppliers is directly proportionate to our buying power. Even if we are a very large retail business by Danish standards, we are dwarfed by many of the multinational suppliers of branded goods and are sometimes just a very small buyer of a niche product.

Our best chance to influence is when we source private label products, which are produced, packaged and labelled for our stores only. Here there is an opportunity to design, create our own recipes, and develop better packaging.

*The retail value chain*

Similarly, we have an opportunity where we source large quantities of products from individual suppliers. This is often the case for fresh food products sourced within our own region.

Being the link between the manufacturer and the consumer also means we have a significant interface with consumers. Retail in general can influence consumption patterns, although factors such as competition, societal trends and consumer preferences shape consumption patterns even more.

Our role is often limited to enhancing or supporting existing trends; for example, we decided a few years ago that we wanted our fish and seafood assortment to be more responsible and have relevant certifications. We would not have been able to take this initiative if there had not been a pull in the market for more sustainable seafood. The products would not have been available and the customers would not have appreciated the effort.

An exception to this pattern is our policy on palm oil. Along with our suppliers, we need to take responsibility for the palm oil in our products. However, this is a topic that has not yet caught the attention of most consumers. We can speculate why that is, but this is our dilemma: should we spend our limited resources on challenges that resonate with our customers, or on topics that are significant environmental challenges that have not yet been recognised by our customers? For a retailer that choice is easy – the customer is king!

We still take on the “palm oil” challenges of this world, but we select carefully and explore all avenues to make these topics as relevant to our customers as possible.

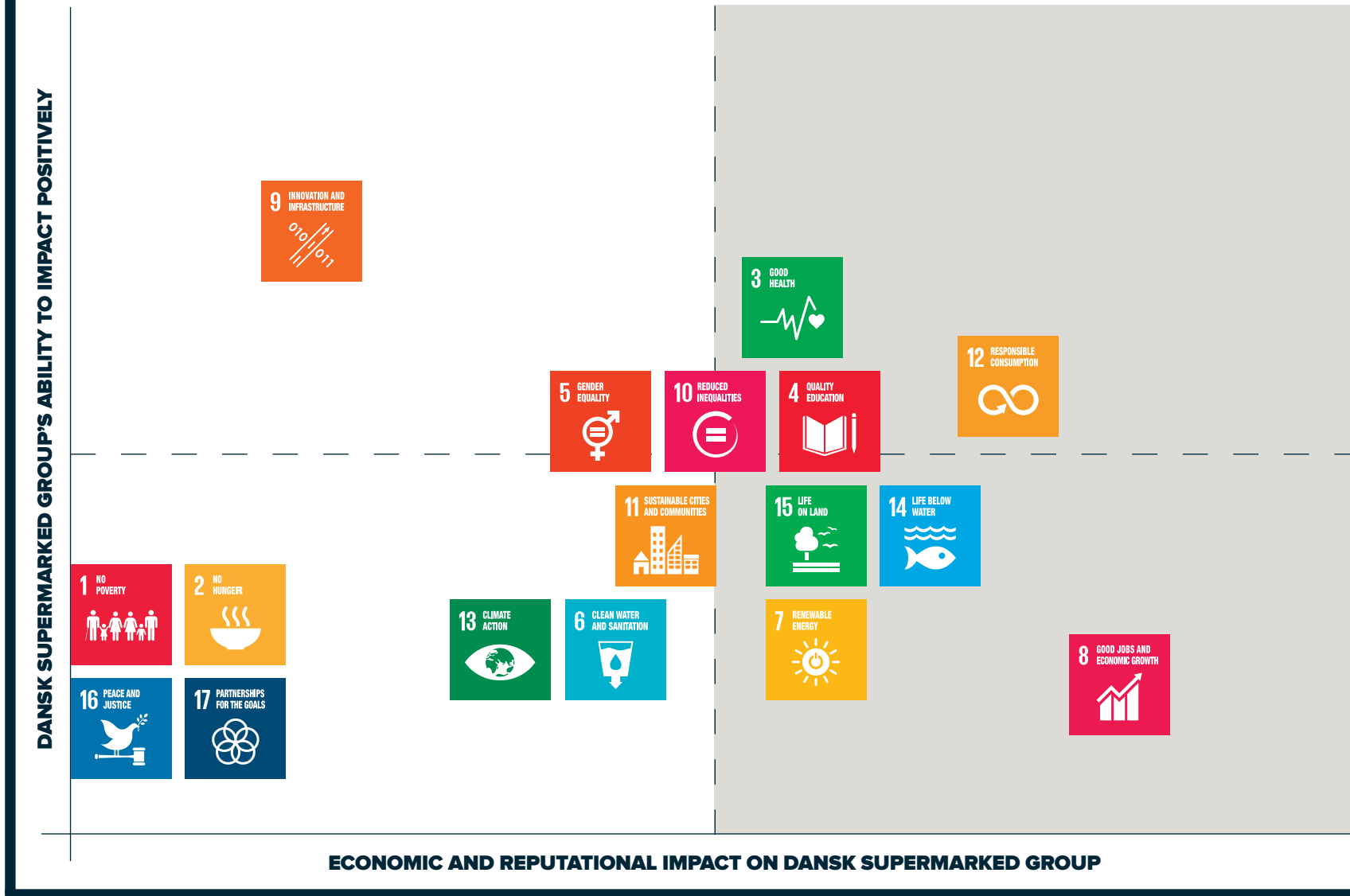
#### **Materiality assessment**

To assess which of the Sustainable Development Goals are most relevant for our business, we went through a process of internal and external validation. We looked at the potential financial or reputational impact of the Sustainable Development Goals on our business and our potential to impact the goals. This exercise helped us identify three key priorities.

# **PRIORITISATION OF SUSTAINABLE DEVELOPMENT GOALS**






# PRIORITISATION OF SUSTAINABLE DEVELOPMENT GOALS



Some Sustainable Development Goals were logically linked to our business. We have gathered these goals under the heading: Equal Access to Jobs and Careers.

We have created a Healthy Living and Well-being heading that covers not only the healthy living and well-being of our customers, but also that of our employees.

Finally, we found that some targets under the individual Sustainable Development Goals were particularly relevant in a retail context and we have grouped these under a "Responsible Consumption and Production" heading. To take an example, Sustainable Development Goals 14 and 15 – life under water and life on land – in our context are about the responsible sourcing of products that impact biodiversity in the oceans, forests and so on.

	TOPIC	SCOPE
	Equal Access to Jobs and Careers	Our employees
	Healthy Living and Well-being	Our employees and our customers
	Responsible Consumption and Production	Full value chain

*Our future CSR priorities.*

### Validation and next steps

We received a professional evaluation of our first assessment. The assessment has been discussed by our executive management and we presented our process and the resulting prioritisation to a group of special interest groups.

The feedback from these groups was very constructive and very positive. Predictably, a diverse group of NGOs voiced a wide variety of opinions. These ranged from the strategic to the more operational and from questioning our business model to pinpointing areas where we could do better. Going forward, we will take the feedback into consideration when we prioritise initiatives under the three key priorities.

We will identify new initiatives for each of the three focus areas and plan for these. In this report, we have organised existing initiatives under the new priority areas.

### SUSTAINABLE DEVELOPMENT GOALS





# KEY PERFORMANCE INDICATORS TODAY AND GOING FORWARD



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Since 2013, we have increased the number of KPIs we report on from seven in 2013 to ten in 2014. In 2015 we planned to add a further six. However, different systemic challenges have prevented the inclusion of CO<sub>2</sub> from outbound transport and revenue from a wider scope of responsible products. We are addressing these issues and aim to include both KPIs in next year's report. The table shows which KPIs ended up within scope in 2015 and which have been postponed.

We will keep this KPI structure going forward, although we may supplement or replace these KPIs with ones that better reflect the three priority areas: Equal Access to Jobs and Careers, Healthy Living and Well-being, and Responsible Consumption and Production.

**ACTUAL AND COMING KEY PERFORMANCE INDICATORS  
FOR EACH FOCUS AREA**



	2014	2015	2016
CSR as perceived by employees	●	●	●
Diversity ("top 150")	●	●	●
Diversity (board level)	●	●	●
Employee engagement	●	●	●
People in job training			●
Employees trained in CSR*		●	●
<hr/>			
Employee safety	●	●	●
Employee sick leave*		●	●
Employee turnover*		●	●
Food safety	●	●	●
Fundraising - total amount and % of sale			●
<hr/>			
CO <sub>2</sub> inbound transport			●
CO <sub>2</sub> outbound transport**			●
Energy (MWh/m <sup>2</sup> )	●	●	●
Waste	●	●	●
Food waste**			●
Buyers trained in responsible procurement	●	●	●
Buyers trained in responsible products*		●	●
Number of responsible products (organic and Fairtrade)	●	●	●
Responsible products (wider scope)***			●
Revenue from responsible products***			●
Supplier risk screening			●
Private label suppliers on scorecard			●
Supplier satisfaction rate (private label)			●

\*new \*\*postponed \*\*\*all products carrying a CSR label (e.g. Keyhole, Nordic Swan, Organic, Fairtrade etc.)

# EQUAL ACCESS TO JOBS AND CAREERS

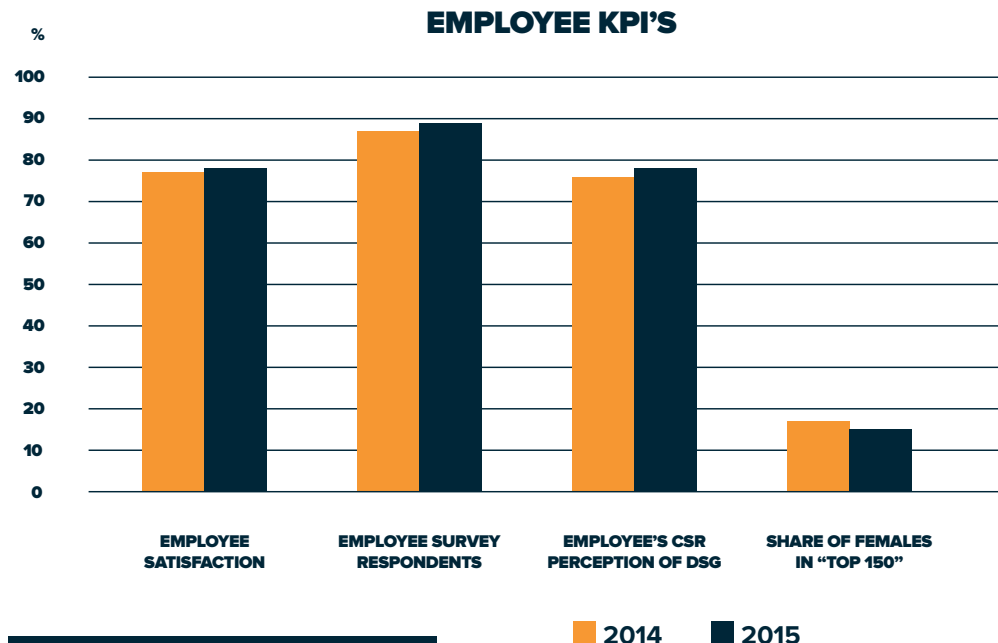


Dansk Supermarked Group has 51,000 employees and is a very large employer in all of the countries where we operate. With size, however, comes obligation.

Retail is an industry with constant changes and tough competition. The recipe for surviving and thriving is to have the most talented employees and the most diverse workforce: give them all an opportunity to succeed within their job and provide everyone, regardless of gender, culture and background, great career options. In terms of diversity in management, we focus on gender. It is our aim that by 2017, at least 40% of our board members elected by the annual general meeting will be women.



*Peter Poulsen, Executive Vice President of HR*



In addition we will continue to focus on and track the number of female managers in top management covering both head office functions and operations. At the end of 2015 this number was 15% compared to 17% in 2014.

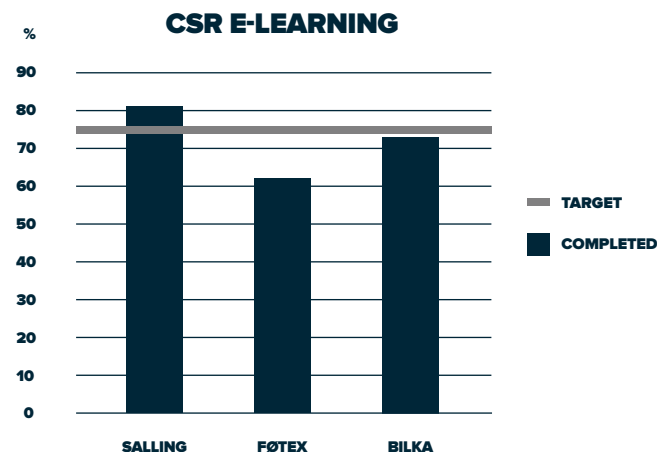
It is not always easy and it makes us especially proud that our employee satisfaction rate in our recent employee survey grew compared to 2014.

*"Dansk Supermarked Group is an organisation in great transformation and with many challenges in everyday life, but we have a strong core of employees who are deeply rooted at Dansk Supermarked Group and will go really far for the organisation. One reason is that we give an enormous amount of career options – we have many examples of apprentices ending up with great responsibilities in our retail chains."*

*Peter Poulsen, Executive Vice President of HR*

In 2015, we started the roll-out of CSR e-learning to 23,000 employees in føtex, Bilka and Salling. So far almost 15,500 employees have been through our e-learning – and our ambition is to get everyone involved.

**67%** of store employees in føtex, Bilka and Salling received CSR training in 2015. The target was 75%.



## ROOM FOR EVERYONE

There is room for everyone at Dansk Supermarked Group. We meet hundreds of thousands of customers every day – and we want to reflect the society of which we are a part. Therefore, Dansk Supermarked Group is also one of the most diverse companies in Denmark. Our company is often a bridge from unemployment to a permanent job. We collaborate with 65 municipalities across the country to get people into job training. In 2015, about 2,700 people worked in our stores on a work placement contract. Of these, one third have become self-supporting and gained employment with us either under subsidised employment schemes, or on ordinary terms and thereby leaving the social benefits system.

In November, føtex Lautrupcentret in Ballerup was awarded the Virksomhedsprisen (Private Company of the Year) prize by the municipality of Ballerup. It says on the municipality's website, that 'føtex is a professional and valuable partner for the municipality of Ballerup whether it comes to company internship schemes, wage subsidy jobs, work ability testing, flexible jobs or rotation temporary jobs. føtex meets the individual citizen in a friendly, forthcoming and respectful manner, and the responsible employees demonstrate great commitment and care for the citizens'

In early spring, we found that there was a need for better job and language training among refugees coming to Denmark. Our Bilka hypermarkets are especially suited for job training as they have more resources and space compared to supermarkets and discount stores. We tested a model in Bilka Kolding that would provide the refugees with job training for a few hours on a daily basis followed by classroom language training in the store. This model soon became very successful and was even branded in Denmark as the "Bilka-model". By the end of 2015, 211 refugees had participated in the "Bilka-model" in Bilka, føtex and Netto stores across Denmark, and many more will follow. We seek to optimise our efforts continuously in very close cooperation with the municipalities.

### 22 years without a permanent job – now working in Bilka

In the spring of 2015, Danish TV 2 broadcasted a feature on 44 year old Abdiquadir Roble, who had lived in Denmark for 22 years but had only enjoyed brief employment. Dansk Supermarked Group contacted the local job centre to start Abdiquadir in job training. Abdiquadir is now a permanent employee of Bilka Odense and a very respected colleague.





*39% of store managers in føtex and 48% of heads of sections in Bilka are former apprentices.*

### **Netto Sweden - an inclusive employer**

It was no coincidence that Sweden's former Minister for Social Affairs in 2015 visited the Netto store in Vesterås near Stockholm to experience how integration in the labour market works in practice. The store manager in Vesterås had previously won an award for his leadership and is known for helping people return to the job market. The former Minister of Social Affairs came to get hands on experience in Netto – and to thank the store manager for his efforts.

Netto has been an inclusive employer since the first store opened in Trelleborg in Sweden in 2002. Today Netto has 157 stores in Sweden and holds a market share of 2.7%. The chain has its highest market penetration in the area south of Stockholm with a market share in this area of just below 5%. Despite its modest size, Netto is widely recognised for putting people first. For several years the Netto chain has cooperated with the Swedish authorities in helping people into jobs – this effort includes some of the thousands of refugees that have come to Sweden.

### **Career opportunities**

Traditionally, Dansk Supermarked Group has recruited many managers internally. We have around 760 apprentices on a continuous basis, which is a very high number compared to other companies in Denmark. In cooperation with the Business School in the city of Grenaa, we have developed our own training program for apprentices. More than 55% of our apprentices continue in our organisation after graduation and their career opportunities are immense. 39% of store managers in føtex and 48% of section managers in Bilka are former apprentices.

In 2015, we formulated our management principles. We call them our Leadership Behaviours and the principles are intended to help our leaders and staff understand expectations in their roles as well as the mindset that defines our leadership culture - how we picture our leaders across the organisation in all countries.

### **Criticism from stakeholders**

Towards the end of 2015, we were criticised for how we handled a situation concerning a customer who had complained about an employee in one of our Bilka stores. The employee had participated in a debate on Facebook and the customer was unhappy with the views of our employee. Our investigation revealed that our manager had made procedural errors in the subsequent meeting with the employee, who was asked to resign. We decided to handle the case in a dialogue with the employee and his representatives and offered to rehire the employee.

Although we did not, at any point, make any decisions based on the views expressed by our employee on Facebook, we have made it absolutely clear to our managers that while we expect loyalty from our employees, our employees also enjoy freedom of speech – a right that must not be questioned.

We have great managers in our company, but even great managers sometimes make mistakes and believe that they are acting in the best interests of the company. In the end it is the responsibility of our leaders to ensure that managers at all levels are aware of our values, policies and procedures.

# HEALTHY LIVING AND WELL-BEING



Naturally, it is important for Dansk Supermarked Group to ensure the healthy living and well-being of both employees and customers. We do this, first and foremost, through ensuring the safety of our employees and safe products in our stores. However, there are many other areas that impact healthy living and well-being, or provide opportunities for employees and customers to improve their health and well-being.

Every year thousands of our colleagues participate in the DHL run. We offer our employees fitness facilities in central locations and other fitness related benefits.

In our stores we provide a balanced selection of products that support healthy living and well-being; however, we also have products that are best enjoyed in moderation. Generally speaking, we believe that our customers are well equipped to make their own lifestyle decisions. It is our responsibility to make information available and empower customers to make the choices that are right for them and their families. We realise that customers have limited time to familiarise themselves with detailed product information. Thus, it is necessary to maintain a continuous focus in order to strike the right balance between empowerment of the customer and making product decisions on behalf of the customer.

## Netto cares

NettoCare is a concept that has been developed and rolled out in the Netto format over the last seven years. The employees learn what to do before, during and after a serious incident occurs, i.e., a robbery, theft or other types of conflict. As part of this initiative, Netto has invested heavily in safer technology and processes, and our employees have been taught how to reduce the amount of cash in stores. This combination has resulted in a decrease in the number of robberies and lower yields from the robberies. This will not only make the workplace safer, but also work as a deterrent to potential robbers.

As part of the NettoCare concept, employees are trained to deal with thieves and gangs of thieves: what they must do – and especially what not to do. Courses in conflict management are also part of the effort to heighten the level of security in the stores. The employees receive training in the NettoCare policy, conflict handling, and how to behave in a potential conflict. In addition to these initiatives, constant dialogue with the local police and municipality is an important part of preventing robberies and thefts.

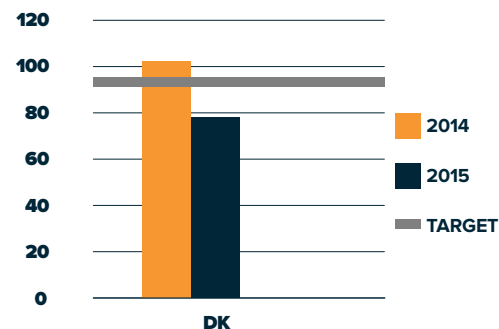
## Accidents in focus

The prevention of accidents at work was one of our focus areas in 2015. Our Lost Time Injury Frequency target for Denmark was 93 per 10,000 employees. Through dedicated effort we managed to achieve 79 - still too many accidents, but a significant improvement over 2014. As we have 51,000 employees in hundreds of stores, numerous distribution centres and five countries, it is unfortunately impossible to avoid accidents and tragic events. We do our utmost to prevent accidents – and to help and support when they occur.

Two years ago we identified a high number of accidents in our distribution centres in comparison with industry benchmarks. Strong management focus and structures for reporting, learning and focusing on risk awareness have resulted in statistics that now move in the right direction. There has also been

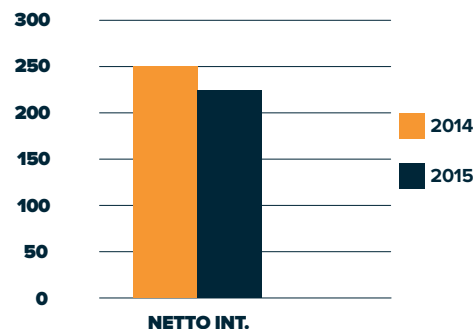
## EMPLOYEE SAFETY

### LOST TIME INJURY FREQUENCY



NUMBER OF WORK RELATED INJURIES WITH MORE THAN ONE DAY ABSENCE PER 10,000 HEADCOUNTS

### LOST TIME INJURIES



TOTAL NUMBER OF WORK RELATED INJURIES WITH MORE THAN ONE DAY ABSENCE (SOLID HEADCOUNTS ARE NOT YET AVAILABLE IN THE COUNTRIES)



*Number of accidents in distribution centres has been almost halved.*

a strong focus on near miss reporting – i.e., accidents that almost occurred, but luckily did not. Over the past year, the number of accidents in our distribution centres has been almost halved – from 48 to 25.

### **Prevention through collaboration**

In collaboration with the Danish National Research Centre for Working Environment (NFA – Det Nationale Forskningscenter for Arbejdsmiljø), Netto is participating in a research project to determine how lifting can cause accidents and health hazards. Every morning and every evening, 100 Netto-employees answer a text message about how tired they feel and how much they have lifted. In addition, the general physical condition of the employee is recorded.

The results will be used to clarify the relationship between lifting and employee disabilities. The area of muscular and skeletal disorders is much debated in Denmark, and Netto has decided to contribute by shedding some light on how lifting can impact our health.

The aim of this initiative is to achieve better understanding, improved dialogue, more uniform standards and a better working environment.

### **Health and well-being in Nepal and Malawi**

In 2015, Dansk Supermarked Group initiated disaster relief for Nepal in the aftermath of the earthquake. This was done in partnership with DanChurchAid and resulted in a total of more than 600,000 DKK for relief work.

As a large retailer, we are able to mobilise our customers when it is most needed. For almost five years, Bilka has partnered up with DanChurchAid to establish five health centres in Malawi. The aim is to help reduce mortality among mothers and new born babies as well as integrate nutrition and eating habits as a natural part of the health sector. The money is raised through sales of charity products and the collection of clothes for recycling in Bilka stores.

In 2015, Bilka's Malawi project as a whole was nominated for the Danish CSR Partnership prize. In the nomination, the jury wrote:

*“A strong and extensive partnership that has shown impressive results in the campaign ‘Give a lifeline to Malawi’, which aims to build health centres and nutrition projects in Malawi”*

*“For DanChurchAid, the partnership with Bilka is unique. Since we started in 2011 we have been able to further strengthen and develop the partnership by adding new dimensions. This has been possible because the level of knowledge and trust has grown stronger year by year, and together with Bilka we have now a partnership which includes Bilka employees, Bilka customers, Bilka Commercial partners, as well as the DanChurchAid office and local partners in Malawi. Since the beginning more than 70,000 patients have been through the health facilities supported by Bilka.”*

*General Secretary of DanChurchAid, Birgitte Qvist-Sørensen*

### **Netto Poland – Healthy living and well-being matters**

In a country with more than two million diabetics and increasing public health issues, Netto Poland has decided to focus on family health and well-being.

In Poland, Netto is committed to offering products that meet the demand for healthy alternatives. The stores have a dedicated area for a range of products, such as sugar-free, lactose-free and gluten-free foods. In addition, Netto Poland has introduced a monthly shopping day called White Sunday, where customers can come into selected stores and get their blood sugar checked and receive nutritional advice and brochures about healthy eating.

To supplement the healthy products, Netto Poland has several initiatives within sports and play, including an annual school football tournament and a competition where selected cities can win a large playground.

### **Criticism from stakeholders**

In June, the Danish Consumer Council published a study in their magazine TÆNK. The study showed that packages for microwave popcorn contained fluorinated substances that are seriously damaging to our health. This started a heavy debate in Denmark – should retailers withdraw the popcorn packages from their stores or not?

At Dansk Supermarked Group, we chose to continue sales of the microwave popcorn. The number one reason for our decision was that the product fully complies with current EU legislation regarding food contact materials. The second reason was that the study did not explain if migration of substances from the packaging into the popcorn does in fact occur. Meanwhile, we contacted our suppliers of microwave popcorn, and we thereby succeeded in finding alternative packaging that doesn't contain any of the fluorinated substances.

We are now in dialogue with suppliers that use similar packaging for their products to ensure that they are also exploring the possibility of alternative packaging.



*In Netto Poland customers can get their blood sugar checked.*



# RESPONSIBLE CONSUMPTION AND PRODUCTION



*Viktor Jegesi, Executive Vice President of Commercial*

## **Responsibility in our supply chain**

In retail – as in most other industries – the right product at the right price is vital, and in this context the right choice of supplier is key.

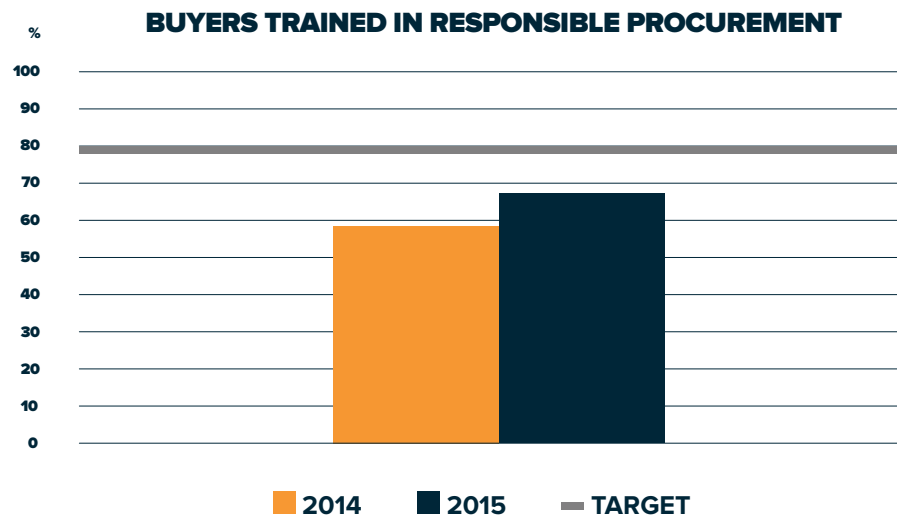
At Dansk Supermarked Group, we want to have strategic supplier partnerships. While price and quality remain important factors when we source products, other factors are also considered: do we trust this supplier to deliver on time? Has the product been produced under acceptable conditions? Do the product ingredients live up to our standards?

More and more customers consider factors beyond price and quality when they go shopping. They look at food safety, country of origin and information on the labelling. They consider whether the product is organic, contains sustainable ingredients or lives up to animal welfare standards.

Naturally, we wish to meet and exceed our customers' expectations. In order to do this we continuously update our sourcing practices to ensure that our products are produced under responsible conditions. We realise that this is a journey that never ends and where we will continue to learn how we, along with our suppliers, can improve.

## **Risk management**

At Dansk Supermarked Group, we have 105 merchandise categories and within these about 120,000 products that we buy from around 9,000 suppliers worldwide. This places great demands on our sourcing practices; both when it comes to ensuring the proper quality of a product, and when ensuring that the products are produced under responsible conditions with consideration for the workers and the environment.



Since 2006, Dansk Supermarked Group has been a member of the Business Social Compliance Initiative (BSCI). BSCI is an international organisation with more than 1,700 members who have created a joint code of conduct for suppliers. High risk suppliers are audited according to the code of conduct and the reports are shared among the members.

In 2015, we raised our ambitions by introducing a new Responsible Procurement Policy at Dansk Supermarked Group. In the future we will concentrate our efforts on the products where we can make the greatest impact – this is mainly on our private label products.

We will build on this policy in 2016 and add more detailed and better data about suppliers to our processes, which will provide us with a higher level of transparency throughout our supply chain. Better and more data creates a strong foundation for improved supply chain management.

#### Food safety is always top of mind

Ensuring that our food products are safe to consume is probably the single most important responsibility for our company, for it is the basic contract of trust we

have with our customers. Our high standards are exemplified by the so called ‘Smiley’ scheme from the Danish Veterinary and Food Administration. The scheme highlights how well retail companies in Denmark comply with food regulations. We are proud that føtex and Bilka are top performers compared to similar retailers. Netto and DøgnNetto perform on average with other discount retailers. There is still room for improvement – and we will keep on working to take food safety in all formats to an even higher level.

#### From supplier to strategic partnership

The purchasing of textiles and clothing at Dansk Supermarked Group presents a good example of how we establish strategic partnerships with our suppliers. The advantage is obvious – we simply get better control both in terms of quality and responsibility.

From 2013-2015, we reduced the number of suppliers within textiles and clothing by 9% - and more reductions will come. By achieving greater volumes from fewer suppliers, we increase our impact on the quality and the conditions under which the products are made.

In addition, we make sure to plan ahead of time and place orders with the suppliers as early as possible. Better planning allows the supplier to plan for a better production flow and avoid undue overtime for employees, which can lead to too many working hours and perhaps even impact the quality of the products negatively.

*“International trade and industry is one of the best ways to support countries that do not have the same standard of living as we do. We demand from our suppliers that they submit to certain international standards, and this commitment continuously helps to improve the conditions at the various factories we deal with – as well as the quality of the products we buy.”*

Viktor Jegesi, Commercial Director.

#### Challenges in Bangladesh

In 2013, Dansk Supermarked Group joined the Accord on Fire and Building Safety in Bangladesh. The Accord was established after the tragic accident at Rana Plaza in Bangladesh in April 2013, where over 1,100 workers died when the factory collapsed. A wide range of large international retail brands has signed up to the Accord to improve safety at factories in Bangladesh. A lot of work has

already been done, with 1,699 factories having been inspected and corrective actions initiated, but great challenges remain.

In our part of the world, a buyer of products expects the supplier to live up to legislation, and the cost of compliance is built into the price of the product. In Bangladesh there are building and safety standards, but very little enforcement. As a consequence, factories can cut corners in order to provide better prices. Other factories will then follow this example and the result is a product price that often does not reflect the real cost of production.

The obvious solution would be to pay more for the product, and in fact that is what we do, but in indirect ways. We reduce the number of suppliers and we build long-term supplier relationships to improve quality. This effort probably leads to higher prices; however, we get something in return: better quality, reliability and fewer mistakes, which all translates into fewer costs for us.

It is a two way street - a supplier who can rely on our orders at fair prices will be in a better position to make long-term plans and investments in production and safety measures.



*One of the factories in Dhaka, Bangladesh, that produces garments for Dansk Supermarked Group.*



*Dansk Supermarked Group is working for fully certified responsible fish and seafood products. Photo: Claus Sjödin.*

### **Breakthrough for a chicken**

2015 was the year when the chicken from our supplier Løgismose finally got its breakthrough. The chicken is free-range and recommended by Dyrenes Beskyttelse (The Danish Society for the Prevention of Cruelty to Animals). Despite slow sales in the beginning, we kept the chicken in our assortment because we were convinced that this high quality chicken was yet to be discovered by Danish consumers. Today we are proud of this decision.

### **First mover on sustainable fish**

Dansk Supermarked Group has decided that all seafood products in our stores must be responsibly sourced by the end of 2016. We have partnered with the World Wildlife Fund (WWF) to help our suppliers deliver the most responsible products across our full range. The MSC and ASC certifications on sustainable fish and seafood have a strong focus on the ocean environment and the environmental consequences of aquaculture.

By the end of 2015, 56% of the products within fresh, frozen, pet food and dietary supplements that contain seafood were certified organic or listed green in WWF's fish guide. We are still working to fulfil our 2016 target, but also realise that some international suppliers may have difficulty meeting our demands.

Dansk Supermarked Group nevertheless continues working for fully certified responsible seafood products and has decided that we will ask the suppliers who do not currently meet our demands to present a plan in which they describe how and when they will be able to deliver sustainable seafood to Dansk Supermarked Group. Based on these plans, we will be able to decide if we can continue to work with the suppliers, or if we have to look for alternative suppliers.

*"Retailers and suppliers must be among the drivers in a process towards sustainable seafood. In this context Dansk Supermarked Group is a frontrunner. They put pressure on their suppliers with tangible demands in order to drive a process towards sustainable fisheries and aqua cultures worldwide – both in the chain of suppliers as well as sub suppliers."*

*Iben Wiene Rathje, Fisheries Biologist, WWF Denmark*

## Trend spotting

It is always our top priority to meet the demands from our customers with a broad range of products in all of our categories – and we strive to have at least one alternative option to the conventional products in several categories, e.g., organic products, sugar- and gluten-free products, local products and Fairtrade products.

Customer preferences have changed over recent years, and today certain categories, such as dairy and organic varieties, even exceed the sales of conventional products. This development is emerging in several categories, and at Dansk Supermarked Group we naturally want to follow this trend – in fact we like to be a little ahead and even inspire our customers with new products.

Customers' expectations for quality and healthy food are rapidly growing. This is particularly apparent in the demand for organic products, which has grown massively over the last few years. Similarly, there are growing trends within animal welfare products and free-from products – lactose free, sugar free and gluten free. Staying ahead of trends is a must in retail. If we do not stay ahead and reinvent ourselves all the time, then we lose the customers very quickly.

Sometimes the anticipation of future customer demands comes at a price. Within organic products, our margin is generally lower than conventional foods; how-

ever, we continue to invest in new organic products because we predict that organic is here to stay and will evolve even more over the coming years.

In general, we make a great effort to teach our buyers how to anticipate new trends, and we find inspiration for future consumer trends in numerous places. We visit health food stores, read blogs, visit food fairs, gain inspiration from traveling around the world, visit restaurants and are, among other things, inspired by the famous Danish chefs who have elevated food and cooking to new levels.

The purpose of all of this is the ability to spot trends and identify new areas that are evolving from niche products to an area with greater volume that can fit into our different supermarket formats.

Spotting trends at times also means supporting new government initiatives. Since the beginning of 2014, Dansk Supermarked Group has participated in a working group under the Ministry of Food and Agriculture – now the Ministry of Environment and Food. The purpose of the multi-stakeholder working group was to come up with a concept for a state label on animal welfare. This work was successfully concluded in August 2015 and the concept will be launched for fresh pork meat in 2017. The next step will be to develop the concept for other fresh meats, such as chicken and beef.



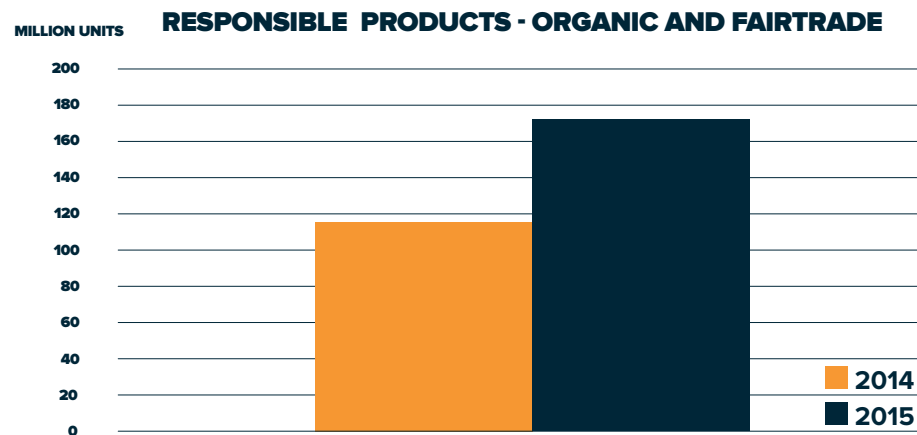
*Palm oil is an ingredient in many products.*

## Palm oil: Close to Target

Palm oil has in recent years received a lot of attention among environmentalists, and rightly so. Palm oil is an ingredient in many food and non-food products because it has many good qualities, but it can also have a negative impact on the environment. Palm oil production can cause deforestation, which causes climate change and the degradation of biodiversity.

As a consequence, Dansk Supermarked Group has decided that all palm oil in our private label products must be more sustainable. We set a target for the end of 2015, where all palm oil used in our own label food and non-food products was to be, as a minimum, mass balanced palm oil. While we did not fully meet this target, 93.3% of our private label suppliers are now using either mass balanced or fully segregated palm oil.

By the end of 2018, all palm oil used in our own labels must be certified 100% segregated and sustainable.



*The number of Fairtrade and Organic products sold in our stores in Denmark has increased in 2015. Especially the sale of organic products has seen significant growth.*

### From trend to reality

*“At føtex, we want our customers to recognise us for the quality of our products and for taking a stand on what we sell. This is exemplified in our wide range of organic products, our price guarantee on organic meat, our focus on Danish food products – and our many local products.”*

*Thor Jørgensen, Executive Vice President, føtex.*

Towards the end of 2014, føtex decided to guarantee the lowest price on organic meat. This guarantee has been well received by customers and the higher sales volume has made føtex the preferred partner among Danish organic farmers.

Dansk Supermarked Group and føtex have also partnered with Go Local and developed a unique model to make it easy for small suppliers of Danish products to make their way onto the shelves in føtex. We launched a test in December 2014 and by Q2 2016 almost every føtex store will have two shelf modules of products from Go Local. Approximately 35 suppliers are involved in this collaboration.



*Thor Jørgensen, Executive Vice President, føtex*

føtex is consistently working to develop a stronger range of both sustainable products and free-of products. føtex has increased the selection of lactose-free products throughout 2015 and by the end of Q2 in 2016 føtex will double up the space and product selection of gluten-free products in all stores. In addition, all stores will, as a minimum, have one shelf module of products without added sugar.

### Criticism from our stakeholders

In 2015, we received criticism from Anima (Association for all animal rights). At the time our føtex and Bilka stores were handing out animal collector cards, which were highly popular among children. The concept was supported by Animal Planet, and also included a competition. The prize was a trip to Florida for four people including an opportunity to visit the adventure park Sea World. Anima pointed out the poor living conditions of animals at Sea World and we exchanged this visit with a trip to Everglades National Park instead.



*Claus Juel-Jensen, Executive Vice President, Netto*

*"Netto is the Danish market leader in the sale of organic products. This position was not achieved lightly; it required a commitment many years ago before "organic" became top of mind for the rest of the market. By making that commitment, Netto created a market and helped many organic farmers to achieve the volume needed to survive. This is what Netto can do and what we will continue to do on organic products and other products of high quality. Our customers expect more – because we deliver"*

*Claus Juel-Jensen, Executive Vice President, Netto.*

The first Netto store opened in 1981 and is today known for great prices and a large range of quality products – even high quality products like Løgismose, which are extremely popular and often organic or free-range. The organic range has increased and this is also the case for the range of so called "free-from" products - including products that are sugar free and lactose free. In 2015, Netto also started selling its own line of personal care products called Lovena Sensitive, which are Nordic Swan and Blue Circle labelled.

*"We are very pleased to cooperate with Dansk Supermarked Group and the associated retail chains. It simply makes a great difference when Netto runs Fairtrade campaign films or huge spot promotions on Fairtrade marmalade for instance. It resonates deeply with the farmers and plantation workers in Africa, Asia, and Latin America in the shape of Fairtrade premium payments and clear support for their struggle for a better life and more sustainable production. At the same time it is a great challenge for us to convince Dansk Supermarked Group and the different formats to work much more strategically and coordinated with Fairtrade and thus realise the full value of working with us."*

*Jonas Gierring, Director, Fairtrade Denmark.*

# 20% OF NETTO'S REVENUE IN GERMANY STEMS FROM PRODUCTS PRODUCED LOCALLY

## **Netto Germany - selling local products**

In 2015, Netto celebrated its 25th anniversary in Germany. The first store opened in the federal state Mecklenburg-Vorpommern immediately after the fall of the Berlin wall, and today Netto has expanded to the federal states Brandenburg, Berlin and Saxony-Anhalt, counting more than 350 stores. Most of the German Netto stores are situated in what used to be East Germany.

Netto's German success is very much based on having a wide selection of products from local food producers: 15% of the products in the stores are produced locally and account for 20% of Netto's revenue. This not only gives Netto in Germany a unique profile compared to its competitors, it also provides Netto with great local support in the areas where new stores open. In the aftermath of the reunion between East and West Germany, many jobs were lost in East Germany and Netto's focus on local products resonated well with a region which craved new jobs.



## Human rights in a retail perspective

When the UN Guiding Principles on Human Rights were launched some years ago, one of the first questions that presented itself was: which human rights are relevant to us? This was immediately followed by a second question: how do we impact these rights and where?

There are 48 recognised human rights in the International Bill of Human Rights. Human rights are rights inherent to all human beings, regardless of nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status. We are all equally entitled to our human rights without discrimination.

Above is an overview of how Dansk Supermarked Group can impact human rights across our value chain. The overview illustrates a few examples of where we believe there could be a risk of breaching particular human rights.

On our corporate website, we have posted a more detailed review of our value chain in a human rights perspective, as well as how we can potentially impact human rights and what we do to prevent breaches.



### PRIMARY PRODUCTION



### MANUFACTURER



### TRANSPORT



### DISTRIBUTION CENTRE



### TRANSPORT



### STORE



### CONSUMER

Freedom of association	Freedom of association	Freedom of association	Freedom of association	Right to just and favourable working conditions'	Freedom from discrimination	Freedom from discrimination
Right to collective bargaining	Right to collective bargaining	Right to collective bargaining	Right to just and favourable working conditions		Right to just and favourable working conditions	Right to health
Right to just and favourable working conditions	Right to just and favourable working conditions	Right to just and favourable working conditions	Right to freedom of opinion and expression		Right to freedom of opinion and expression	Right to privacy
Freedom from discrimination	Freedom from discrimination	Freedom from discrimination	Right to a family life		Right to a family life	
No forced labour	No forced labour	No forced labour	Right to health		Right to health	
Abolition of child labour	Abolition of child labour					
Right to health	Right to health					

*Human rights across our value chain*

## Our climate and environment

Given the size of our business, our impact on the climate and environment is inevitable, and we are fully aware that we have a strong obligation to take responsibility for the environment on a local, national and international level.

It is beyond doubt that it is challenging to make real changes in an industry characterised by tough competition on price, high volumes, wide selection and sourcing in many countries throughout the world. Nonetheless, we never stop trying.

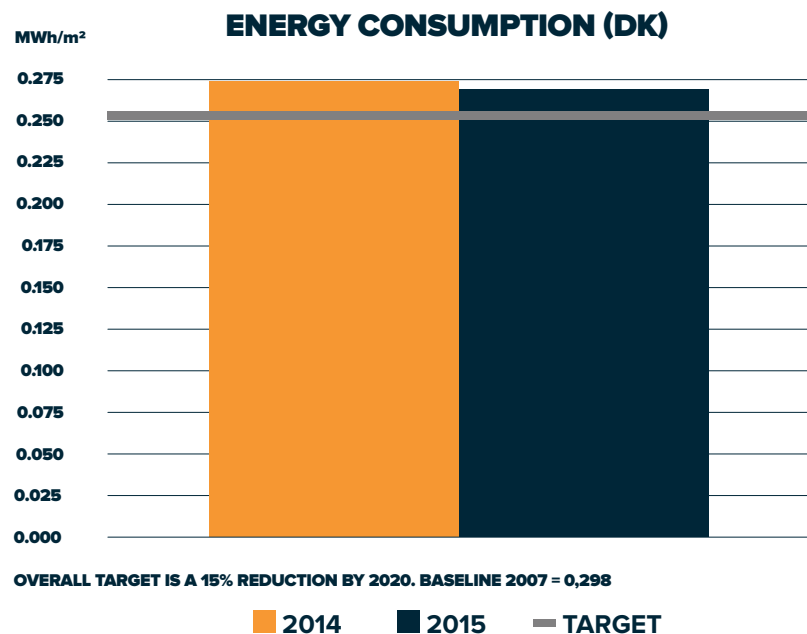
We focus our efforts on areas where we as a retailer see the greatest potential to make a difference, and we have thus prioritised initiatives in the areas of energy, food waste and general waste. Continuing our effort to reduce our environmental impact, over the past year we have replaced around 56,500 fluorescent lights with LED alternatives in about 300 stores all over Denmark, and additionally 2,400 in our Netto distribution centres. This has caused a decrease in energy consumption of 1.8%. All future store openings will have 100% LED lighting. All new cooling facilities have glass doors and we continue to replace freon cold

stores with new energy saving and environmentally friendly facilities. In Netto outside Denmark energy consumption, however, has increased due to investments in, among others, cooling facilities, e.g., new cooling facilities in more than 300 Netto stores in Germany.

Transportation to our distribution centres and from these to our stores is handled by transport service providers. Since 2015, we have been implementing an IT solution which will – when fully implemented – give us better data on logistics, fuel consumption and the environmental impact of transport from distribution centres to our stores. This focus will continue in 2016.

### Food waste reduced in a new cross-functional waste project

In 2015, Dansk Supermarked Group began to implement a project that aims to reduce food waste. People from different functions have racked their brains to identify food waste drivers, design solutions and minimise waste. The project has focused on four categories to begin with: cold cuts, sausages, fish and salads.



# 120,000 + MEALS DONATED IN 2015

In retail, it is a challenge to estimate the quantity of a particular article each store should receive in order to meet customer demands. This is a balancing act. We do not want to create waste, but neither do we want to have empty shelves. For that reason, new tools and processes are being implemented in order to improve sourcing forecasts and allocations to the stores.

To succeed in retail, we also need to adapt to customer and supplier changes, and for that reason we undertake regular assortment updates. Since the beginning of the project, we have seen an improvement in waste related to these assortment updates through better planning and cooperation across functions.

The more responsive Dansk Supermarked Group can be, the more we can reduce our waste. To achieve this we depend on committed and flexible suppliers who are willing to partner with us on this quest.

The project has taught us that waste can be reduced significantly and we will apply the methodology to more categories in 2016.

## **Food waste in the value chain**

How much food is wasted on the farm? How much is wasted during manufacturing? In the store? Within the home? What causes food waste? And to what extent are we in retail to blame?

At Dansk Supermarked Group, we realised that these were relevant questions and questions that did not have simple answers. As a consequence we – on

behalf of føtex – and along with our partners in Arla and AP Grønt, applied for and in 2014 received a grant from the Fund for Green Business Development for a project that would provide some of the answers to the questions related to food waste in the value chain.

The project will be finalised in May 2016, where we will share our findings with the public to ensure that everyone can learn and hopefully be able to reduce food waste even further.

## **Donation of food**

We buy many tonnes of food from our suppliers every year. The food is typically delivered to our distribution centres and a small quantity of this food is rejected by our quality control, e.g., if the content is less than stated on the packaging or the size is smaller than we agreed. Although the food does not live up to the quality standards of our stores, it is, on the other hand, too good to be wasted.

It can be both expensive and damaging for the environment to ask our suppliers to take back and destroy this food. Therefore, in 2015 we set up a partnership between Dansk Supermarked Group, our suppliers and Food Bank (fødevare-Banken). This initiative is a win for all involved. Our suppliers save costs, the beneficiaries receive healthy and good quality food, and less food is wasted, which benefits the environment.

*“Our volunteers deliver fresh surplus food five days a week to more than 100 organisations working with the socially disadvantaged. We need good partnerships to succeed, and Dansk Supermarked Group is one of them. Dansk Supermarked Group has even taken a further step and involved their suppliers in this collaboration and in this way has provided more than 120,000 meals to people who really need it.”*

*Karen-Inger Thorsen, Director, The Food Bank.*

### **Removing barriers for donation**

Donations from individual stores is also an option. Danish and European regulation has been a barrier to these donations – both in terms of VAT and food safety regulation. An effort is, however, being made to remove these barriers. Dansk Supermarked Group has successfully put pressure on the relevant authorities and through the Food Waste Partnership in order to remove barriers for the donation of food.

Towards the end of 2015, føtex took this opportunity to a new level and introduced a partnership with Wefood, a community supermarket operated by DanChurchAid. The Wefood store will sell surplus food at very reduced prices and the profit will help DanChurchAid alleviate hunger in the world’s poorest countries.

The reality remains that only a limited amount of food has the necessary quality for donation. Our stores will always utilise the product lifetime to sell the product. As the product gets closer to expiry, we reduce prices and often place them in a designated area of the store to attract customers. If the food is not sold, the best before or consume by date will often be passed and as a consequence the product will no longer be available for donation. Most of the organic waste is collected and turned into biogas or animal feed, thus ensuring the best possible use of resources.



*In Netto 99% of waste like cardboard is recycled. Photo: Claus Sjödin.*

### Netto leads the way with waste separation

20,000 tonnes of waste – that is how much Netto, on a yearly basis, has removed from the conventional way of handling waste in Denmark, where a huge amount of waste is traditionally incinerated instead of being separated, classified and recycled. This initiative will – we believe – change waste management in Denmark.

All organic waste, such as old fruit, dented cans and outdated cartons of milk, are thrown into a special container in each Netto store before being picked up by our external partner and driven to the waste handling stations in either Nyborg or Holsted, where the waste is separated by machines. 75% is reused as pulp for biogas, which is sent directly into the Danish biogas network. The rest is recycled or incinerated.

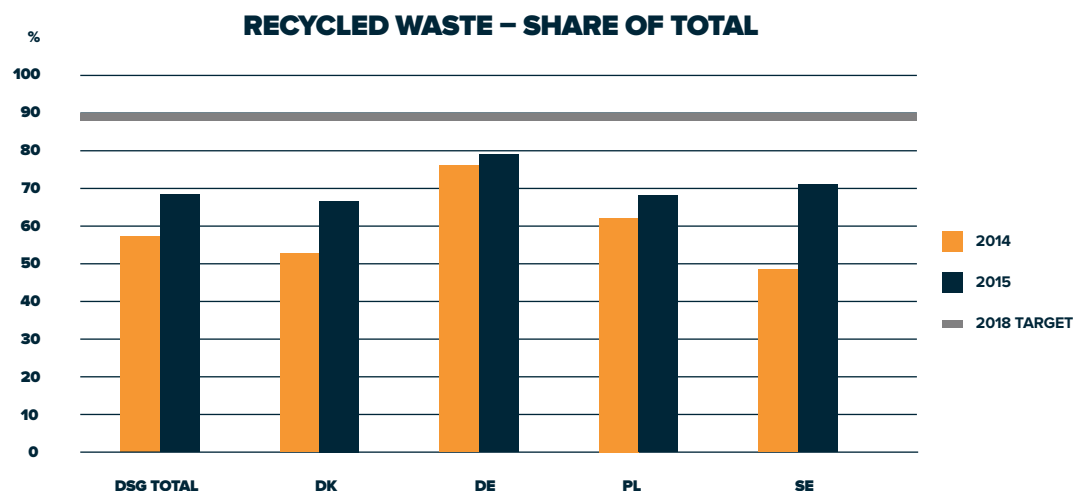
After the implementation of this solution, only 1% of the waste from our Danish Netto stores is incinerated – compared to 53% before the new organic waste handling system.

The concept is a big win for Dansk Supermarked Group, but also for Danish society. Netto's size is significant and by supporting this new system, Netto is also supporting a new infrastructure of waste handling which can benefit many smaller businesses across Denmark. All in all it is a great benefit for the environment. Waste like cardboard, foil, metal, textiles and polystyrene is returned to our distribution centres, where 99% is recycled. Waste is sent back to Netto's distribution centres on the trucks that deliver goods to the stores – an extra environmental benefit since the trucks do not drive back empty.

### Waste separation in Bilka and fõtex

Bilka and fõtex are much larger stores compared to Netto and consequently generate higher volumes of waste per store. This challenge requires a different system than Netto's. Individual

stores sort the waste materials into several containers and these containers are picked up by the contractor and transported directly to a recycling facility, while organic waste is taken to a sorting facility. These two formats have a larger variety of products compared to Netto – consequently they handle many more classifications of waste and the investment required in order to handle the same volume of organic waste is more extensive.



### Recycling abroad

The waste solution at Netto Denmark cannot, unfortunately, be adapted directly by our Netto stores in other countries, although waste proportions are quite similar and most cardboard, metal etc. are returned to the distribution centres for recycling. Large distances between the stores is a challenge, making a logistic network for collecting the organic waste too large a task for us as a single company. Furthermore, legislation on recycling varies not only between countries, but also between regions in the countries. Consequently, we do not have one systemic approach in the Netto stores outside Denmark.

In 2015, the European Commission adopted a circular economy package to support improved waste handling and recycling. We hope the renewed focus will result in more investments into recycling infrastructure in the countries where we operate. Regardless of this, however, we will continue our drive towards better and more efficient waste handling, and during 2016 we will take a deeper dive into examining the obstacles and options in establishing recycling logistic networks abroad.

We still have some way to go before all the formats at Dansk Supermarked Group are as efficient as Netto in Denmark. This will require efficient logistic networks and employees that are very conscious when they sort waste from our stores to make sure that all materials that can be recycled are recycled.

*“We have a size of business that gives us both the power and the obligation to change the attitude and actions on our key environmental issues. Netto’s model for organic waste handling is an excellent example of how we can develop new, sustainable solutions by means of the right partnership and modern technologies.”*

*Viktor Jegesi, Executive Vice President of Commercial*



# INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

## To the Stakeholders of Dansk Supermarked Group

As agreed, we have examined Dansk Supermarked Group's CSR Report 2015 (the CSR Report) for the period 1 January 2015 to 31 December 2015. Dansk Supermarked Group's CSR Report 2015 has been prepared in accordance with the reporting criteria described on pages 34-35.

We are to conclude on Dansk Supermarked Group's CSR Report 2015 (the CSR Report). The degree of assurance expressed in the conclusion is limited.

## Management's responsibility

Dansk Supermarked group's Management is responsible for the preparation of the CSR Report in accordance with the reporting criteria described on pages 34-35.

Dansk Supermarked Group's Management is also responsible for such internal control as the Management considers necessary to enable the preparation of the CSR Report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to conclude on Dansk Supermarked Group's CSR Report on the basis of our procedures. We performed our procedures in accordance with ISAE 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and additional requirements under Danish audit legislation to obtain limited assurance for our conclusion.

Ernst & Young Godkendt Revisionspartnerselskab is subject to the International Standard on Quality Control (ISQC) 1 and thus uses a comprehensive quality control system, documented policies and procedures regarding compliance with ethical requirements, professional standards, applicable requirements in Danish law and other regulations.

We complied with independence requirements and other ethical standards under FSR - Danish Auditors' Code of Ethics for Professional Accountants, which rely on general principles regarding integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

## As part of our examination, we performed the below procedures:

- ▶ Interviews of relevant company professional responsible for CSR strategy, management and reporting, located at Dansk Supermarked Group's headquarters in Aarhus, Netto's headquarters in Køge, Denmark, and Netto International offices in Sweden, Poland and Germany
- ▶ Checks of whether data have been collected, assessed and quality-reviewed as prescribed in Dansk Supermarked Group's manual for collection of environmental data.
- ▶ Analytical reviews, including trend analyses, of data supplied by Dansk Supermarked Group.
- ▶ Evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management.

We believe that our procedures provide a reasonable basis for our conclusion. The procedures performed in connection with our examination are less than those performed in connection with a reasonable assurance engagement. Consequently, the degree of assurance for our conclusion is substantially less than the assurance which would be obtained had we performed a reasonable assurance engagement.

**Limited assurance conclusion**

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that Dansk Supermarked Group's CSR Report for the year ended 31 December 2015 has not been prepared, in all material respects, in accordance with the reporting criteria described on pages 34-35.

Aarhus, 29 February 2016  
Ernst & Young  
Godkendt Revisionspartnerselskab  
CVR: 30 70 02 28



Morten Friis  
Partner  
State Authorised Public Accountant



Carina Ohm  
Executive Director





# REPORTING APPROACH, CRITERIA AND PERFORMANCE

# REPORTING APPROACH

## Scope of the CSR report

The CSR report covers the relevant and significant social, ethical and environmental issues for the financial year January 1st – December 31st 2015. We have received recommendations on our CSR activities and reporting from our assurance provider Ernst & Young, and we have been inspired by relevant industry reports.

## Boundary setting

Entities included in the performance data include majority-owned subsidiaries defined as companies that Dansk Supermarked Group owns or controls. Real estate owned by Dansk Supermarked is excluded from both this and future reports and so are the franchises Carl's Jr. and Starbucks.

E-commerce is not included in this report. Netto UK is a joint venture with Sainsbury's. Each company owns 50%, and the financial result of Netto UK will not be included in the overall financial result for Dansk Supermarked Group. Thus, Netto UK is not included in our CSR report and will not be included in our future reports.

Energy data: If a majority owned or controlled entity is acquired during the financial year, the entity will be included in the reporting for the following year. Entities closed down will not be included in the report. Estimates for stores with missing data have been prepared on the basis of either budgeted numbers

where available, or yearly averages of the reporting stores within the same retail format and country. Estimates account for 0.2% in fØtex, 0% in Bilka, 0% in Salling and 8.5% in Netto DK of total energy consumption for each format. In Netto Int. estimates account for 9.8% in Germany, 10.2% in Poland and 9.2% in Sweden of total energy consumption. Comparison to 2014 will be done for Denmark only, as historic data from the stores outside Denmark have not been sufficiently solid.

Waste data: Both majority owned or controlled entities opened and closed during the financial year are included in the reporting. A small percentage of the stores in Denmark have reported based on estimates. Estimates account for 6.8% in fØtex, 6.2% in Bilka, 0% in Salling and 2.9% in Netto DK of total waste for each format. In Netto outside Denmark estimates account for 15.8% in Germany, 30.4% in Poland and 30.4% in Sweden of total waste for the format in each country. Estimates for stores with missing data have been prepared on the basis of an average amount of waste per unit of turnover calculated from the reporting stores within the same retail format and country. For all stores in Netto PL and a few stores in Netto DE estimates have been prepared on the basis of the exact number of containers multiplied by an average weight per container.

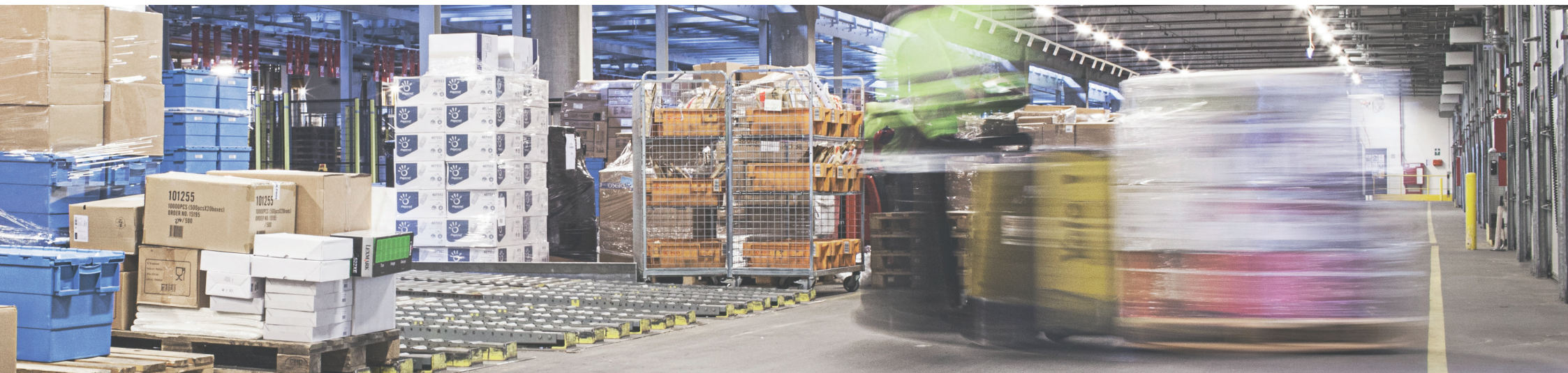
We report on 14 key areas. KPIs, definitions and performance for each are listed under Reporting criteria and performance.

KEY PERFORMANCE INDICATOR	DATA AND CRITERIA	PERFORMANCE			
		2014	2015	TARGET	
CSR as perceived by employees	Barometer survey conducted by Rambøll – scores (%) on questions about diversity and responsibility	76	78	–	
Diversity ("Top 150")	Number of female leaders in "top 150" (leaders total: 2014 = 160, 2015 = 151)	27	23	–	
Diversity (board level)*	% of female representatives	20	20	40	
Employee engagement	Barometer survey conducted by Rambøll – overall score (% of respondents)	87	89	–	
Employees trained in CSR	% of store employees having completed CSR training (føtex, Bilka and Salling)	0	67	75	
Employee safety	LTIF (lost time injury frequency) = number of work related injuries with more than one day absence per 10,000 headcounts – Denmark	102	79	93	
Employee safety	LTI (lost time injury) = total number of work related injuries with more than one day absence – Netto International	250	224	–	
Employee sick leave	Sick hours divided by working hours (overtime included)	<b>DK</b>	2.8	2.8	–
		<b>DE</b>	3.5	3.5	–
		<b>PL</b>	4.2	4.8	–
		<b>SE</b>	7.9	7.6	–
Employee turnover	Voluntary staff turnover. % of total headcounts	<b>DK</b>	33.3	35.1	–
		<b>DE</b>	13.3	12.8	–
		<b>PL</b>	17.0	19.6	–
		<b>SE</b>	12.7	14.7	–
Food safety	Smiley 1 – Denmark only. Percentage of number one smileys given by the Danish Food Authorities following a control visit. Both majority owned or controlled entities opened and closed during the financial year are included	89.3	92.5	100	
Energy**	We report on our total energy consumption in MWh/m <sup>2</sup> – comparison, though, is for Denmark only	0.274	0.252	-15% by 2020	
Waste***	% recycled material (cardboard, plastic, metal, surplus bread and organic material) of our total waste production.	<b>DK</b>	57	69	90
		<b>DE</b>	53	65	90
		<b>PL</b>	76	79	90
		<b>PL</b>	62	70	90
		<b>SE</b>	48	70	90
Buyers trained in responsible procurement	% of procurement staff trained. Staff in scope for responsible procurement training are people with buying responsibilities in Commercial, Goods Not for Resale, IT and shop fittings	59	68	80	
Buyers trained in responsible products	% of procurement staff trained. Staff in scope for responsible products training are people with buying responsibilities in Commercial, Goods Not for Resale, IT and shop fittings	0	78	85	
Responsible products****	Number of organic and Fairtrade products sold – Denmark only (1,000)	116,809	172,027	–	

\*Target by 2017 \*\*15% reduction by 2020 with baseline 2007 (0.298)

\*\*\*Targets by 2018. 2014 data for DE, PL and Se were not verified by E&Y last year \*\*\*\*2014 data were not verified by E&Y last year

# COMPANY INFORMATION



<b>ORGANISATIONAL PROFILE</b>	Name of organisation	Dansk Supermarked Group
	Web address	dansksupermarked.com
	Location of DSG headquarter	Rosbjergvej 33 – 8220 Brabrand, Denmark
	Primary brands	Salling, føtex, Bilka and Netto
	Nature of ownership and legal form	Privately owned/Non listed
	Total number of employees	51,000
	Significant change during reporting period regarding size, structure, ownership or supply chain	Salling went from being an affiliated company to becoming a subsidiary company to DSG
	Externally developed charters, principles or initiatives to which DSG subscribes or which it endorses	DSG supports the UN Global Compact framework, however we are not a signatory. This year we have integrated the UN Sustainable Development Goals in our reporting.
Membership of associations and advocacy organisations	<ul style="list-style-type: none"> <li>– Foreign Trade Association</li> <li>– Business Social Compliance Initiative</li> <li>– Bangladesh Accord on Fire and Building Safety</li> <li>– Danish Initiative for Ethical Trading</li> <li>– Danish Chamber of Commerce</li> <li>– AMS Sourcing</li> <li>– FSC Denmark</li> </ul>	
<b>REPORT PROFILE</b>	Reporting period	January 1 <sup>st</sup> 2015 – December 31 <sup>st</sup> 2015
	Reporting principles	We have reported in accordance with the Danish Financial Statements Act, articles 99a and 99b
	Date of the most recent previous report	May 13 <sup>th</sup> 2015
	Reporting cycle	Annual report is published before May 31 <sup>st</sup> of each year and covers the previous calendar year. The report will be available at our website dansksupermarked.com
	Contact point for questions regarding the report or its contents	<ul style="list-style-type: none"> <li>– Director of CSR, Helene Regnell – helene.regnell@dsg.dk</li> <li>– Director of Communication, Mads H. Grand – mads.hvitved.grand@dsg.dk</li> </ul>
<b>GOVERNANCE</b>	Main positions with CSR responsibility	Executive Vice President of HR, Commercial, Finance, føtex, Bilka and Netto
	Composition of Board of Directors	Five regular members of which one is female. In addition there are two employee representatives

# Dansk Supermarked Group

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